Daily Report

Latin America

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FBIS-LAT-95-066 *6 April 1995*

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Cuba

GRANMA Says Helms Bill Ignores U.S. Media, Public Views

PA0604004095 Havana PRENSA LATINA in Spanish 1526 GMT 4 Apr 95

[FBIS Translated Text] Havana, 4 Mar [date as received] (PL)—Unconcerned about the international community and growing public sentiment in the United States, several lawmakers from that country are trying to harden the economic blockade imposed on Cuba over 30 years ago, the daily GRANMA states today.

In a lengthy article, the newspaper refers to the old aspirations of "well—known Cuban-born ultrarightists and some political figures linked to them, such as Senator Jesse Helms" who—it asserts—seek to smother the island with the approval of a so-called law for liberty and democratic solidarity with Cuba.

The key aspects of the bill, the report adds, are aimed at foreign investors, since they promise U.S. companies that had offices in Cuba the right to take over properties owned by partners of Cuba who now operate on U.S. territory.

The bill also threatens businessmen and governments with interests in Cuba or those who simply do not agree with the pressure policy, the newspaper notes.

The proponents dare—it stresses—ask the U.S. President to sponsor a motion in the UN Security Council to internationalize economic, commercial, and financial sanctions on Cuba.

Where were these senators last October when the UN General Assembly condemned the blockade for the third consecutive year? the mouthpiece of the Communist Party of Cuba asks.

It also asks if the supporters of the bill that would stiffen the blockade read their own country's newspapers, as the major news media there insist every day that the unilateral measures against this small nation are anachronistic.

Influential U.S. newspapers and magazines, like THE WASHINGTON POST, USA TODAY, THE NEW YORK TIMES, THE WALL STREET JOURNAL, and even THE MIAMI HERALD, have dealt with the Cuban issue in coincidence with the views of those promoting an end to the blockade.

The bill from Helms' group would not stand up to sound analysis owing to the lack of any real chance of stiffening a package of unjust and unilateral measures against the independence, health, education, and life of a whole nation, the newspaper states.

It adds that the bill also hurts Washington's allies, who in a sovereign manner have decided to maintain other kinds of relations with Cuba.

The article adds that one cannot ignore either the extremely reactionary nature of individuals who control the current U.S. Congress and their alliance with those who turn counterrevolutionary activities into a profitable business. In this respect, GRANMA concurs with those who are certain that the current makeup of the Congress helps the bill's sponsors but have no doubt that many modifications will be made along the way.

Municipal Electoral Commissions Established

FL0604005295 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 6 Apr 95

[From the "NTV" newscast]

[FBIS Translated Text] The municipal electoral commissions were established throughout Cuba on 5 April. These commissions are in charge of organizing partial elections for the People's Governments. The nomination of candidates will take place from 19 May to 1 June, along with progress reports by the current delegates.

The municipal assemblies of the People's Governments will convene on 30 July.

Foreign Firms To Collaborate in Cardenas Oil Drilling

FL0504234595 Havana Radio Rebelde Network in Spanish 1700 GMT 5 Apr 95

[From the "National Radio News"]

[FBIS Translated Text] Another group of foreign firms has expressed its interest in the Cuban at-risk contracts for oil exploration by announcing its decision to collaborate with El Centro drilling and oil extraction enterprise in Cardenas, Matanzas. These firms will operate on 18 blocks with the prospect of the Cuban entity's productivity. The hope is to reach 1 million tonnes of national crude oil. In 1994, the Canadian corporation, CNW [expansion unknown], introduced modern technologies for extraction from 38 oil wells that were opened by local technicians. This helped considerably to improve the production levels. The modern methods and highly trained personnel of CNW permitted drilling of the first marine oil well in Cardenas Bay, with positive test results.

Russian Interest in Oil-Sugar Swap Reported

PA0604002795 Havana Radio Havana Cuba in Spanish 1300 GMT 4 Apr 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Oleg Davydov, Russia's foreign economic relations minister, has announced his government's interest in signing a new protocol with Cuba for the exchange of up to 1 million tonnes of Cuban sugar for 3 million tonnes of Russian oil in 1995.

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In statements to Interfax, Davydov said that the urgency is due to the unpostponable need to guarantee the supply of sugar to Russia's domestic market, which needs in excess of 2 million tonnes.

Davydov, who is also Russia's vice premier, said that swaps with Cuba would be on the basis of world prices and would also serve to get the Russian sugar refining industry started, which has been practically at a standstill from the beginning of 1995.

Sources at the Cuban Embassy in Moscow reiterated the island's interest in studying and signing the intergovernmental protocol, which is still being examined by the Russians.

Delay in Negotiating Deal Criticized

MS0604103195 London FINANCIAL TIMES in English 6 Apr 95 p 39

[Report by Pascal Fletcher: "Cuba Impatient Over Russian Sugar-for-Oil Deal"]

[FBIS Transcribed Text] Havana—Cuba yesterday signaled its growing impatience at Russia's slow response to its proposals to negotiate a sugar-for-oil trade deal for this year.

"We are waiting to hear from Russia. We have received no official request for any quantity of sugar," Mr Felix Loaces, director of Trade Policy at Cuba's Foreign Trade Ministry, said.

Mr Loaces said Cuba was only aware through press reports that Russia might be seeking 1m tonnes of Cuban raw sugar in exchange for 3m tonnes of crude oil.

"We have been insisting for four months that we are ready to sit down and discuss a sugar-for-oil deal for 1995," he added. But until such detailed talks actually began Cuba would not be able to say exactly how much sugar it might have available for such a deal.

The island, its sugar cane fields starved over the past few years of fertilisers previously supplied by the former Soviet Union, is facing a third consecutive low harvest in 1995. The current sugar crop is widely expected to fall short of the historic low of 4m tonnes announced in the 1993-94 season.

Uncertainty over this year's harvest is a major headache for Cuba's trade policy strategists, who must match demand from big traditional clients like Russia and China with Cuba's urgent need to import oil, food, raw materials and machinery.

"We can't just keep sugar in warehouses. We have to fulfil our needs to keep the economy running," Mr Loaces said.

Another bedevilling factor was the issue of outstanding oil and sugar shipments still to be completed under an unfinished 1994 bilateral sugar-for-oil deal with Russia. These were only "beginning to be resolved", Mr Loaces said.

Cuban trade officials said in early February that Cuba was still due to receive around 700,000 tonnes of oil from Russia under the unfinished 1994 accord. The corresponding amount of Cuban sugar still to be shipped was believed to be only a few hundred thousand tonnes.

Cuba has already contracted to supply 400,000 tonnes of sugar to China this year under a bilateral trade protocol.

Panel Discusses Russia's Economic, Political Crisis

FL0604012895

[FBIS Editorial Report] Havana Radio Rebelde Network in Spanish at 1700 GMT on 4 April carries its regularly scheduled Straight Talk panel discussion program with host Juan Carlos Roque Garcia and guest Eddie Jimenez. Roque introduces the issue, Russia's economic situation and political prospects.

Jimenez begins by stating that the recent devaluation of the ruble is the result of an economic crisis involving over 2 million unemployed and, according to some accounts, over 4 million underemployed. He adds that estimates put unemployment at the 5 million mark by the end of 1995. He indicates that Russia's foreign debt, which is $115 billion, might total $130 billion by the end of 1995, and that Russia will need to disburse $38 billion a year to pay this debt, which is equal to their annual export volume. He observes that according to some reports, Russia will probably request postponement of the debt until after the year 2,000, and that the IMF is about to provide Russia with over $6 billion in credit so long as Russia limits the monthly rate of inflation to one percent, which many believe is impossible.

Jimenez goes on to list other facts about the "chronic economic crisis," such as the decline in life expectancy—58 years for men, 64 for women; and the decrease in population resulting from a higher mortality rate. Jiminez states: "All this official data shows the process of impoverishment being experienced by Russia, as a consequence of the transition from a socialist economy to capitalism." He adds that Russia is becoming an underdeveloped society with all the typical traits: a large foreign debt, dependency upon the import of raw materials, deep social inequalities, and the theft of minds, among others. He remarks that any hope that within a few years Russia might join the exclusive group of developed capitalist economies will continue to vanish "unless the government takes measures to curb the speedy shift to a neoliberal capitalist model, and takes greater control of the economy's basic sectors."

Jimenez says that this economic crisis is being experienced by all former members of the USSR. Roque adds that part of the problem is the loss of markets and economic ties among socialist bloc countries. Jimenez

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explains that the Russian population is having trouble adjusting to the loss of their status as a superpower and must now confront the reality of being "underdeveloped, poor, and a second-rate nation in economic and social terms." Jimenez expounds on this, pointing out that part of the frustration of the Russian population stems from having lost so much territory, having less now, in fact, than they had under the czars.

Roque asks: "Can we still say that Russia is a world power?" Jimenez responds affirmatively: "Among the first in the world in terms of military might." Jimenez and Roque agree that the aid being provided to Russia is conditional and will only further impoverish it.

Roque poses the issue of the further segmentation of Russia, using the Chechen conflict as an example. Jimenez explains that "politically, anything can happen in a country where over a third of the population is living below the poverty line, where nationalist movements are already demanding the reestablishment of the Russian empire, and where there is discord even within the Armed Forces." He adds that this is particularly significant because the "Armed Forces have always played a key role in crucial times." He further observes that "infiltration of the Mafia into Russian power sectors is an acknowledged fact."

Regarding Chechnya, Jimenez states that the conflict is tilting in favor of the Russian troops, but no one can predict how long the conflict will last because the rebels are withdrawing to the mountains, from which they will engage in guerrilla warfare. Roque adds that over 1,300 Russian soldiers have died and that material losses are estimated at $5 billion. Jimenez points out that this further exacerbates the Russian economic crisis, and that other secessionist movements might arise in the meantime. He notes that the Russian Army is ill-prepared for regional warfare.

Regarding the forthcoming Russian legislative elections, Jimenez closes by stating that "the opinion of many analysts, including myself, is that victory by nationalist sectors is a strong possibility. If this is reflected in the presidential elections slated for the summer of 1996, Yeltsin's prospects of remaining in power are practically nil."

Brazil Cooperates in Juragua Nuclear Plant Completion

FL0404215095 Havana Tele Rebelde Network in Spanish 1630 GMT 4 Apr 95

[From the "NTV" newscast]

[FBIS Translated Text] Electric consumption has increased over the last few days and control measures have had to be implemented. The number of shutoffs, which had declined slightly, have had to be increased, although there are not so many as there were during the worst of times. This slight relief from power outages is the initial result of foreign investors' strategy to attack the causes of the Cuban electric system's problems. The Brazilian state-run firm, Furnas Centrales Electricas, is one of the companies working on these urgent projects. The efficiency of the electric system must be restored to sustain national development. Cuban thermoelectric plants, if operating at capacity, could generate up to 3,723 megawatts, exceeding the current demand by 2,587 megawatts. Nevertheless, the special period abruptly cut the annual fuel purchases of 13,000 tons, to less than 6,000; resources for repair and maintainence became increasingly scarce, and the system was overworked and run on inferior fuel. Efforts to achieve efficiency are aimed at lowering fuel consumption from 300 grams per kilowatt hour, to 250. Once achieved, the investments will be repaid in approximately three years. The Juragua Nuclear Plant in Cienfuegos will be finished during the second phase of cooperation with the Brazilians. A total of $1.1 billion of the $2-billion investment has already been spent on the plant. The original 1980 plans for the Juragua Plant called for 4,440-megawatt nuclear reactors. However, the fall of the Soviet Union in 1991 halted work on the plant. Completion of the plant would mean a savings of 2 million tons of fuel per year—that is, one third of current imports.

Haiti

Reliable Source on Possible Government Reshuffle

PA0504200995 Port-au-Prince Signal FM Radio in French 1030 GMT 5 Apr 95

[From the "Waking Up" nescast]

[FBIS Translated Text] A possible dismissal of the Smarck Michel government is being discussed. Indeed, it is possible that Smarck Michel and other members of his ministerial cabinet will be dismissed from the Haitian Government, according to a reliable source. Prime Minister Michel has been for a certain time the target of increasingly more intense criticism from several sectors that deem him incapable of leading the government.

Several demonstrations in which the participants hurled acrid slogans at the prime minister, who was chosen by President Aristide a few days after his return to power, took place successively in both the capital and the provincial cities.

Several other ministers of the government have also been the targets of this wave of protests, such as the minister in charge of commerce to whom the demonstrators attribute the soaring cost of living. President Aristide can dismiss at any time the head of government and several other ministers decried by the population, our source explained.

Electoral Council Confirms Case of Electoral Fraud

PA0504235695 Port-au-Prince Radio Metropole in French 1030 GMT 5 Apr 95

[FBIS Translated Excerpts] Some political parties and the Provisional Electoral Council, CEP, have confirmed

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the existence of fraud in the voter registration process. The individuals responsible for the electoral process last night presented the media with a red-handed case of fraud. A person in charge of a registration and voting office was caught printing voter cards for a grass-roots organization in Port-au-Prince. Reporter Edner Jean has the details: [Begin Jean recording] By making this case of electoral fraud public, the CEP wanted to show that it will not keep its dirty laundry private, because the accused person is a president of a registration office and thus a full member of the electoral apparatus. On the other hand, this confirms the accusations of several parties which have accused BIV [Registration and Voting Office] members of acting in complicity with grass-roots organizations that are trying to run away with the governmental apparatus. Demoliere Paul, the individual accused in the case, confessed that he was working for the grass-roots organization ASOLINO [expansion unknown]. [passage omitted]. The advisers of the electoral institution call on the population to remain vigilant to avoid other such cases. The president of the institution, Anselme Remy, indicated that a new surveillance system for registration and voting offices will be set up within the next few days. [passage omitted].

Anselme Remy termed allegations by several political parties against the electoral institution this week as low blows. Various political parties have accused the CEP of working in complicity with the Lavalas Political Organization, OPL. Anselme Remy thinks it is an easy accusation and that the CEP is being used as a scapegoat. He is therefore challenging anyone to present proof that the CEP is working in the favor of one political party to the detriment of the others. Marie Laurence Jocelyn Lasegue, who has been made the particular target of attacks by protesters, asserts that she has always fulfilled her role, yesterday as member of the government and today as a state employee. [passage omitted] [end recording].

'High-Ranking' Source Denies Beaubrun Involved in Murder

PA0504191895 Port-au-Prince Signal FM Radio in French 1030 GMT 5 Apr 95

[FBIS Translated Text] Television Nationale d'Haiti [TNH] announced on the night of 4 April that the Moise brothers, who are accused of being involved in the assassination of an opponent, Mireille Durocher Bertin, allegedly worked in the Dominican Republic for former Port-au-Prince Mayor Franck Romain, one of the main neo-Duvalierist personalities. According to TNH, which cites a high- ranking Haitian personality who wishes to remain anonymous, the investigations led jointly by the Haitian authorities and the U.S. Federal Bureau of Investigations resulted in the disclosure of elements refuting a well-organized scenario.

TNH also denied that the Uzi submachine gun found in the hands of a member of the United Militants Front, FMR, could have come from the Ministry of the Interior, headed by Mondesir Beaubrun. According to this same source, this would be impossible because all the weapons of the Interior Ministry and of the barracks have been seized by the multinational force. The source pointed out that Mr. Eddy Moise was in jail when the crime was committed on 28 March, while acknowledging that a transfer actually took place from the facilities of the anti-gang services to the prison of the Petion- Ville barracks. It also pointed out that the car Moise was actually driving belongs to the Interior Ministry but that it was entrusted to employees who had gone to the province and that Moise managed to get a hold of it. The same source denied that Mondesir had ever had contacts with the Moise brothers, pointing out that on the contrary, they were being surveilled by the Interior Ministry.

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Presidency To Create Information Gathering, Analysis Center

PA0604005695 Mexico City EL FINANCIERO in Spanish 4 Apr 95 p 22

[From the "Free Zone" column by Jose Luis Gaona—passages within slantlines published in boldface]

[FBIS Translated Text] Worried about the political and social effects of the economic crisis, President **Ernesto Zedillo's** closest national security aides are getting ready to create an information and analysis center to garner information on what the country's main political protagonists say and do.

Roberto Miranda, presidential chief of staff, will be in charge of this center. Military officers of the Second Section of the EMP [Presidential Staff] as well as political science analysts, professors, and doctors will participate in it.

The intelligence work will fall to the military officers, but the analysis and interpretation of the information will be the responsibility of the civilians, so the work will be "scientifically" based.

The work team of this center will be formed by three types of national security "experts:" aides of Colonel **Jesus Javier Castillo**, officials of the Center for Investigation and National Security of the Government Secretariat, and former officials of the Attorney General's Office.

Sources in the Mexican Presidency said the center will not "persecute" protagonists in the country's political life, as one might think. Instead, their public statements will be scrupulously followed.

In this way, politicians of all leanings, businessmen (particularly business leaders), clergy, diplomatic corps, social organizations, members of the national and foreign media will be the target of observation.

The group of analysts under **Roberto Miranda** will aim to compile all the statements published or broadcast in newspapers, radio, and television.

A file on each of the opinion makers will be opened containing their statements on the most important issues of national life.

There will be a report about newspapers and journalists and analysis every so often to learn how popular or unpopular President **Ernesto Zedillo's** actions or statements have been.

It is not known how the foreign media will be followed, perhaps through embassies and consulates, but the president of the republic will know in detail the impact of his government outside Mexico.

National security experts say the decision to create this office close to the president is due to obvious reasons:

—The chief executive and those close to him want to prevent at all costs a repetition of a situation such as that of Chiapas where there was a failure of information.

—The EMP wants to close the circle around the president, particularly with regard to the "confidential" information that is handled in the most closed spheres of national security.

—There are some who believe the new system regarding information of interest to **Ernesto Zedillo** was suggested by the U.S. Government.

Report on Zedillo Address to Stock Market Convention

PA0604040795 Mexico City XEW Television Network in Spanish 0430 GMT 5 Apr 95

[Report by Susana Castaneira from the "24 hours" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] [Castaneira] President Ernesto Zedillo said today that strengthening the securities market is essential to increasing investments and generating jobs. During a speech to open the Sixth Mexican Stock Market Convention, the president admitted that the crisis Mexico faces today was worse than had been expected.

[Zedillo] "It is clear now that we should have acted earlier by implementing a combination of fiscal, monetary, and exchange policies to prevent the high deficit in the current account payment balance, but more so to prevent the precipitous drop in Mexico's savings that occurred over the last five years."

[Castaneira] When the crisis finally surfaced, however, President Zedillo said, we Mexicans acted swiftly and determinedly. He added that the adjustment plan has been harsh but essential. He affirmed that the results of the strategy are just now beginning to be seen in the strengthening of public finances and the rapid and significant reduction of short-term private and public foreign debt.

[Zedillo] "We have plotted a clearly defined course to overcome the economic emergency and to reorient our recovery to sustained growth. We are also very aware of the inseparable relationship between the nation's economic growth and its political and social development."

[Castaneira] While addressing the Mexican financial community, the president announced that he would propose merging the National Banking Commission and the National Securities Commission.

[Zedillo] "In an effort to attain a more uniform and effective supervision of the financial system as a whole, I will send Congress a draft law to merge the National Banking Commission and the National Securities Commission into a single entity."

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[Castaneira] Zedillo said the Securities Market is destined to consolidate as an important element in national development. He acknowledged the need to implement an economic policy capable of promoting public and private savings.

[Zedillo] "To promote public savings, we will continue with responsible, relevant financial policies. To promote private savings and domestic investment, we will study an in-depth revision of the Mexican tax system with the Fiscal Advisory Council. We must also promote the improved capability and increased effectiveness of the financial system to attract and act as an intermediary for domestic savings."

[Castaneira] President Zedillo admitted that foreign savings are important for Mexico's growth but warned:

[Zedillo] "Aside from all of this, we must ensure that foreign savings are an addition to domestic savings, not a substitution for them, as has been the case in our country several times in the past."

[Castaneira] He noted that domestic savings will increase with institutional reforms and new methods to attract people with smaller incomes and pensioners. For his part, Manuel Robleda, president of the Mexican Stock Market, said the worst mistake we could make, in light of the current economic crisis in Mexico, would be to isolate ourselves and leave the path to financial and economic globalization.

Government To Discuss Economic Model With Parties

PA0604031695 Mexico City UNOMASUNO in Spanish 31 Mar 95 p 4

[Report by Guadalupe Baez]

[FBIS Translated Text] PRD [Party of the Democratic Revolution] leader Porfirio Munoz Ledo has affirmed that the government has agreed to discuss the economic model with the political parties as part of the agreements reached with the Government Secretariat in meetings with leaders of the PRI [Institutional Revolutionary Party], PAN [National Action Party], PRD, and PT [Labor Party].

The opposition leader held a news conference and said that if the dialogue with the Zapatists works out, the national democratic dialogue will be expedited since any legal modification will be made in an institutional manner. "The government is not going to prepare an electoral bill with Subcommander Marcos. He is asking for democracy, but the electoral bill will not be negotiated in the jungle. Negotiations will first have to be held with the IFE [Federal Electoral Institute] and then with the Chamber of Deputies," he commented.

Munoz Ledo also explained some of the mechanisms that will govern the national negotiation table among different political forces. He noted that the agreement reached with authorities establishes plural participation on three fundamental issues: democratic reform of the state, political reform, and consultation on the National Development Plan (PND).

Regarding political reform, he asserted that follow-up and monitoring mechanisms are currently being designed, since the electoral reforms in the states pose complex problems. That package will include reviews of pending political problems, especially democratic reform in Mexico City, Teapa, and Tuxtla Gutierrez. Discussion tables will be established for each topic.

Another important topic at the national dialogue table is the reform of the state, which includes the points agreed upon by parliamentary factions and, in points four and five, economic and social reforms.

Munoz Ledo said we will have to coordinate these points with the PND, in which the political parties will participate. In this regard, the PRD will demand that it be approved by Congress and later submitted to a referendum.

The new trend is participation of political parties and Congress in the preparation of the PND, he stated. To this end, a technical secretary will be appointed to act as a liaison with the parties, and we will have, as the PRD proposed, specific negotiation tables for each topic. Munoz Ledo remarked, however, that this point is not very clear because the role political parties will play in the PND depends on various government agencies.

Did the government accept proposals for the economic course, he was asked.

"That is what the government says, that it will consult with political and social forces," he responded.

There are two aspects to this. The first is the economic reform agenda approved by the Chamber of Deputies before President Zedillo offered political parties the opportunity to participate in the preparation of the PND. It consists of the model for a democratic Mexico, national economy and sovereignty, development planning, recovery of growth, job creation, and income distribution; social consultation; Mexico's relations with the world; the salary- productivity relationship; and a new long-term industrial policy.

Other points included in said proposal for discussion are a program of full support for the countryside; a policy to support national producers; regulating financial and credit institutions; social reform; education; decentralization; and so on. This agenda was the one that was accepted, and it is comprised of all political parties.

The PRD leader highlighted that, according to the agreements reached at the national dialogue table, the government agreed to discussion of the economic model. In my opinion, he added, the economic policy must be modified; it is the first national priority. It must be modified now.

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Munoz Ledo said the measures adopted by this administration "will not last more than three months, from an economic, political, or social standpoint."

I am confident—I don't know to what degree or proportion—that the government will be forced to modify this social economic policy. "The only way the government could continue with this economic model would be through authoritarianism, by imposing laws and imposing orders on deputies and senators, as it did in the case of the VAT [value-added tax], and repressing the social movement," the political leader stressed.

Regarding the Chiapas conflict, Munoz Ledo explained that this issue will be discussed at the table in Tuxtla Gutierrez, because "the most important issues on the Zapatist agenda cannot be discussed in the jungle or in a dialogue in Mexico City. They must be discussed within the framework of the institutions of the Republic. In other words, a constitutional reform will not be voted on in Aguascalientes; it has to be voted on in San Lazaro."

Finally, the PRD leader downplayed the fact that the EZLN has proposed to hold the dialogue on the university campus, at the Guadalupe Basilica, or at the UN office.

He denied that the EZLN is trying to remove the conflict from its original location. "It would be very strange for such negotiations to be held at the site of the armed struggle," he concluded.

State Governments Selling Assets To Pay Debt

PA0504155395 Mexico City XEW Television Network in Spanish 0430 GMT 4 Apr 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Several states of the Mexican Republic are selling some of their assets to solve their financial problems. Shortly, the government of Guerrero State will submit different initiatives to the local congress to sell properties in tourist areas and obtain financial resources to amortize its public debt, estimated at 608 million new pesos.

In this regard, Edgar Vicario Castrejon, deputy secretary of administration and finance of the Guerrero government, stated:

[Begin Vicario recording] We are going to try to do this as soon as possible so time and [word indistinct] do not win this race. [end recording]

Meanwhile, local Deputy Santiago Guerrero Bautista, president of the Finance Commission of Guerrero State Congress, said that the legislature will see to it that the assets put up for sale do not adversely affect public property.

[Begin Guerrero recording] These are real estate or properties that do not play a fundamental strategic role in the public administration of the state. [end recording]

Until March of this year, the government of Guerrero payed 11.5 million new pesos monthly for interest on its public debt, and beginning in April, it should pay 22 million new pesos in interest.

Trade Under Secretary Vows To Protect Exporters

PA0604044595 Mexico City NOTIMEX in Spanish 2116 GMT 5 Apr 95

[FBIS Translated Text] Mexico City, 5 Apr (NOTIMEX)—Jaime Zabludovsky, under secretary for international trade negotiations, said today that Mexico will continue to protect national exporters while strictly observing agreements signed with other countries.

Inaugurating the Senate's "National Forums to Evaluate Mexico's Treaty and Trade Agreements," he said that special attention will be paid to safeguarding Mexican interests against unilateral measures applied by other markets.

He said that trade agreements signed by Mexico are encouraging in the immediate future, and increasing exports is an alternative to attenuate adjustment costs during the current economic difficulties.

Zabludovsky said that with a more competitive true exchange rate, the trade balance deficit has been reduced in a short time due to fewer imports and a substantial increase in exports.

He added that exports and export-related jobs have increased considerably thanks to agreements Mexico negotiated with Chile, the United States, and Canada.

He emphasized the fact that in the two years that the economic agreement between Mexico and Chile has been in effect, bilateral trade increased 97.6 percent from $248.2 million in 1992 to $490.7 million in 1994.

He stressed that in 1994, Mexican exports to Chile increased 31.2 percent to $260.6 million. The exported products were primarily cars, television sets, and chemical products.

In 1994 there was a $230.1 million trade surplus. The flow of investment from Mexico to Chile was primarily in the fields of television, petrochemicals, and the textile industries, and Chilean investments in Mexico were in fruits and construction materials.

The under secretary added that in all trade agreements, the Mexican Government has sought a consensus with productive and social sectors as a guarantee that the interests of Mexican producers will be legally represented in the negotiations.

He explained that with NAFTA, bilateral trade between Mexico and the United States in 1994 surpassed the $100-billion mark, with a $3.861 billion trade deficit for Mexico.

Zabludovsky added that trade with the United States grew 19.4 percent in 1994 in a balanced trade exchange,

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in view of the fact that Mexican exports to that country totalled $50.975 billion and imports $54.836 billion.

Manufactured products stand out in trade with the United States, which grew 28.5 percent during 1994, a "very favorable" amount compared to the increase experienced by other foreign exporters to that country, which was 15.3 percent.

"Mexican exports of manufactured goods to the United States, which totalled $41.001 billion in 1994, surpassed the total exports to the United States from powerful exporters such as the ROK and Hong Kong."

With Canada, the other partner in the trilateral agreement, Zabludovsky said exports grew 17.4 percent, also exceeding sales from other countries to that market.

He added that the flow of Canadian investment to Mexico increased, particularly in automobile spare parts, services, environmental technology, and the pharmaceutical industry.

He reported that three additional free trade treaties went into effect this year: one with Costa Rica, another with Bolivia, and another with Colombia and Venezuela in the so-called Group of Three.

With these trade agreements, Mexico will gain access to a potential market of 61 million inhabitants, whose imports totalled $23 billion during 1994, Zabludovsky said.

Regarding multilateral trade treaties, he recalled that the World Trade Organization (WTO) was established when the GATT [General Agreement on Tariffs and Trade] Uruguay Round agreements went into effect on 1 January 1995. The WTO will gradually replace the GATT.

In the future, Mexico will insist before the WTO on respect for goals reached while a member and for the safeguarding of Mexican interests, as that organization will set new world trade rules and guidelines.

Zabludovsky said negotiations continue with Central America for a free trade agreement, and talks have begun with Nicaragua for its later inclusion. In addition, talks have begun with Ecuador aimed at future negotiations.

These trade agreements, he added, represent significant opportunities for small and medium-sized businesses and will steadfastly maintain the country's spirit of broadening and improving access for Mexican products to important Mercosur [Common Market of the South] and European markets.

Argentina, Brazil, Uruguay Extend Trade Terms

PA0604040895 Mexico City EL FINANCIERO in Spanish 5 Apr 95 p 25

[From the "Micro Notes" Column]

[FBIS Translated Text] The Mexican, Argentine, Brazilian, and Uruguayan representatives have extended the validity of trade agreements, as well as that of the fifth and sixth economic supplementary agreements and the ninth partial scope agreement, from 1 February to 30 June 1995. Likewise, they agreed that Argentina and Uruguay will broaden certain custom tariff preferences granted to Mexico.

With these moves, preferential access for Mexican exports to these markets is guaranteed. These conditions allowed preferential exports of national products worth $280 million in 1994. Pigments, iron and steel pipes, photographic film, and petrochemical products were among those products.

These preferences, along with the increased competitiveness created by the foreign exchange adjustment, will allow us to increase and diversify our exports to these countries, thus creating more job opportunities in Mexico.

Bancomext Director Outlines Economic Support Policies

PA0504183195 Mexico City EL FINANCIERO in Spanish 31 Mar 95 p 20

[Report by Gerardo Flores]

[FBIS Translated Text] The National Foreign Trade Bank of Mexico [Bancomext] has announced that it will allocate $10.1 billion for loans to export companies and an additional $850 million for credit guarantees. It has also announced a complete redirection of its foreign trade support policies. The bank will seek several sources of funding, mainly in the form of loans from eximbanks and new markets in Europe, Asia, and the Far East.

Enrique Vilatela Riba, director of Bancomext, said that experts are forecasting $65 billion in non-oil exports this year. He made clear the fact that financing is still the institution's biggest problem in light of the growing demand for loans.

He said that only $2.5 billion in loans were granted for exports during the first three months of the year. This sum has proven insufficient, even though the eximbanks have extended $400 million in lines of credit each month and even though this figure might grow to $9 billion by year-end.

Vilatela said that Bancomext's debt to foreign banks totals $12 billion. Of this, $5 billion are in short-term loans, of which $2.5 billion have already been repaid.

In announcing the bank's Comprehensive Support Program for 1995, the official pointed out that this new export strategy is directed at identifying potential sectors and giving them the support they need, beginning with production lines. Thousands of companies of all sizes are expected to take part in the plan.

He noted that an inter-secretarial organization had been created for this purpose, where private sector foreign

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trade organizations, the Trade and Industrial Development Secretariat, and Bancomext, among other government agencies, will try to eliminate the obstacles that hamper exporters' work. The organization will also focus on getting all exporters to participate in the sector's development promotion programs. This, along with internal savings efforts, will be the cornerstone of the nation's economic future.

Vilatela Riba stipulated that the amount of capital available this year declined 40 percent in comparison to 1994, reason for which it would be convenient to evaluate different financing options, mainly lines of credit, since at this time alternatives such as issuing bonds and other debt paper are not available to our country.

He pointed out that by resorting to a strategy similar to the commercial banks' investment units (UDI), Bancomext intends to renegotiate liabilities with its clients. He explained that matured liabilities amount to 1.2 percent of the bank's total loan portfolio.

Bancomext's director explained that in addition to the Comprehensive Support Plan other objectives include: increased cooperation with the business sector, identification of products and services that can satisfy specific company needs, and development and diversification of sources of financing under conditions beneficial to the institution and the companies.

Likewise, he emphasized that the bank will target and support key sectors that offer goods and those companies most likely to increase exports and attract foreign investment. Those sectors determined to be competitive and with greater potential will also be encouraged. In addition, participation in the international market by those sectors and commodities that have been able to significantly increase their exports will be promoted and supported, integration of the export network will be fostered, and foreign demand for Mexican products will be satisfied.

As part of the Comprehensive Support Program for 1995, Enrique Vilatela Riba specified that 80 percent of Bancomext's credit will be earmarked for the manufacturing sector, to include products from sectors like mining, agriculture, cattle, and fishery. These sectors are the most competitive and have the most potential.

Likewise, he explained that nearly 16 percent of total financing resources will be earmarked for exploration, refining, and overseas marketing of metal and nonmetal minerals.

In order to support the fisheries sector, approximately $200 million will be channeled to this sector, while tourism will receive $340 million.

According to Vilatela Riba, loan maturities and conditions will depend on whether financing is for exports, sales, investment projects, imports of basic products, or the purchase of new equipment.

He reiterated that Bancomext's financing program is aimed at securing nearly $13 billion, of which $9 billion will originate with the eximbanks and the rest with other foreign banks, and by returning to the international securities markets, among other options.

In conclusion, Bancomext's director said that the bank will try not to rely on foreign capital, but instead will encourage companies to try and obtain instruments like lines of credit from foreign sources. The objective behind this is to increase the number of alternative solutions while channeling capital toward companies with limited options.

Banxico Governor Expresses Support for Floating Rate

PA0604005895 Mexico City XEW Television Network in Spanish 0430 GMT 5 Apr 95

[Report by Susana Castaneira from the "24 Hours" newscast]

[FBIS Translated Text] At the Sixth Convention of the Exchange Market held today, Miguel Mancera, governor of the Bank of Mexico [Banxico], stated that placing the exchange rate on par with the U.S. dollar would be a mistake. Here is Susana Castaneira with a report:

[Castaneira] During his participation in this convention, Banxico Governor Miguel Mancera announced that during the first quarter of 1995, Mexico's international reserves increased $701 million compared to figures registered at the end of 1994. According to Banxico, international reserves amounted to $6.849 billion as of 31 March 1995. Banxico added that during the first quarter of 1995, it registered an outflow of foreign exchange totaling $14.7 billion in payments made abroad. Mancera told the international community that Mexico will not set the exchange rate on par with the U.S. dollar.

[Begin Mancera recording] It is risky to set the exchange rate within a specific trading range, unless this trading range is so wide that it is actually equivalent to having a floating rate. The risk becomes obviously greater if, as in our case, the country does not have substantial reserves. [end recording]

[Castaneira] Mancera also referred to the benefits of maintaining a floating rate.

[Begin Mancera recording] A floating rate enables market forces to determine the level the exchange rate should have at any given moment in order to balance the supply and demand for foreign exchange. [end recording]

[Castaneira] But Mancera noted that market forces are obviously influenced by uncertainty and rumors, which lead to volatile exchange rates. Mancera pointed out that the adoption of a floating system should not be a reason

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for Banxico to neglect its goal of maintaining the stability of the peso's purchasing power. Mancera stressed that interest rates will inevitably be very high during these months of soaring inflation. He warned that any attempt to force a drop in interest rates will lead to a higher inflation and devaluation with catastrophic consequences.

[Begin Mancera recording] The general public's understanding of these effects will greatly facilitate the stabilization process and the resumption of economic growth. Many thanks. [end recording]

Bankers Association President Says Economy Recovering

PA0504153795 Mexico City XEW Television Network in Spanish 0430 GMT 5 Apr 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Jose Madariaga, president of the Mexican Association of Bankers, has said the Mexican economy has not been cured yet, indicating it is in the recovery process.

Mr. Madariaga said the operation of foreign banks has not been canceled or postponed. He said that as scheduled, 14 banking institutions will be established in Mexico this year.

[Begin Madariaga recording] They are going ahead. I am constantly talking with them and we are close to establishing their participation in the bankers association. [end recording]

He added there is no new request from foreign banks.

Business Leader Says Apr Key Month for Stability

PA0504171495 Mexico City XEW Television Network in Spanish 0430 GMT 5 Apr 95

[From the "24 Hours" newscast]

[FBIS Translated Text] According to business leaders, April will be a key month for the success of the economic emergency program.

During his attendance at the 6th National Stock Market Convention, Mr. Antonio del Valle, president of the Mexican Council of Businessmen, said the second quarter of the year will be the most difficult one. He said that in view of the existing social uneasiness, April will be decisive for economic stability in the country.

He said the current emergency program is a sour pill we have to swallow.

[Begin Del Valle recording] This year will be a difficult one. In 1995 we have to lay the groundwork to achieve growth in 1996. There is no doubt we are going to make it. [end recording]

Del Valle, who is also a banker, said interest rates will significantly drop in the second half of May.

He said there is no more requests from foreign banks.

Says Interest Rates To Drop in May

PA0504171695 Mexico City NOTIMEX in Spanish 0919 GMT 5 Apr 95

[FBIS Translated Text] Mexico City, 5 Apr (NOTIMEX)—Antonio del Valle Ruiz, president of the Mexican Council of Businessmen, has said interest rates at commercial banks will decrease "significantly" during the second half of May because inflation will drop sharply.

He called on Mexicans to support the economic adjustment measures proposed by the financial authorities despite their sourness. He asked them to work as always and to reduce the amount of imports and increase exports.

Interviewed during the 6th National Stock Market Convention, Del Valle Ruiz said that even though 1995 will not show any economic growth, the groundwork for a 1996 growth can be laid with the efforts of the Mexican productive sectors.

He said the adjustment measures caused an overall social uneasiness because they have adversely affected all social levels, but said there was no other solution.

"We must bear in mind that in 1993 and 1994, Mexico reported investments for $30 billion, but this year we will not have that kind of investment. Not only that, much of the money that came in is currently leaving the country."

"That represents a drop in our economy, which we must absorb. We must be aware of that and must try to overcome it with work," he said.

Del Valle Ruiz said he is confident Mexico will overcome its economic difficulties because it did it in 1987 and 1988; he said Chile faced a similar problem in 1982, and now it is a country they call the "Chilean miracle," because it is growing at a rate of 7 and 8 percent each year.

Coparmex Says Development Plan Must Not Repeat Mistakes

PA0504153195 Mexico City EL FINANCIERO in Spanish 4 Apr 95 p 30

[Report by Rebeca Lizarraga R.]

[FBIS Translated Text] The 1995-2000 National Development Plan (Planade) must not repeat the mistakes and distortions of previous programs. Also, it is urgent that public administration be streamlined and that absolute honesty be guaranteed in privatization processes.

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Carlos Abascal Carranza, president of the Employers Confederation of the Mexican Republic (Coparmex), said that Coparmex is proposing that, as key elements of Planade, the private sector be given opportunities to participate in privatization processes, and, above all, have the chance to help implement political reform of the state, profound legal changes, and major reforms in education. It is also proposing adjusting the Constitution to ensure that the government will be the promoter of, not a reactor to, economic activities.

From now on, economic development must be gauged by real improvement for all Mexicans, not only by improvements in their economic indicators, Abascal pointed out.

The drafting of a new, simple, stable, and egalitarian tax system that will foment the opening of companies and domestic savings through different formulas like lifting taxes on profits reinvested in productive process is among the priorities proposed by the private sector for Planade. The sector is also proposing active participation in the Fiscal Advisory Council [Consejo Asesor Fiscal].

The private sector will also demand an adjustment of the Federal Labor Law that would modify provisions that discourage productivity, competitiveness, and confronting work problems in a timely manner.

Coparmex stressed the need for Planade 1995-2000 to move forward "once and for all with administrative deregulation and simplification conducive to immediate opening up, streamlined administration, and swift closing of companies." It will demand that the state confront smuggling and disloyal mercantile practices.

Addressing businessmen from a wide range of fields, Abascal spoke about the reform of the political state and underscored organic participation by all Mexicans in the social and political life of the nation. This would ward off those unacceptable reductionist attitudes that equate democracy with the alternation of power.

"No more state party," he stressed. Honest and reliable elections must be held.

He commented that businesses must pay particular attention to the fight against corruption, beginning with reform of education itself, correct implementation of the principle of granting subsidies [subsidariedad], strengthening a legislative branch independent of the executive branch, and profound reform of the entire judicial system.

He explained that the country's productive sector must attend to the short run without ignoring the long run. "We must think about businesses while thinking about the economy in general."

"We must not let our guard down in the short run; we must delve deeply into the Mexican structural changes. Thinking about the short run [cortoplacismo] will sooner or later lead us into blind alleys. This is why during the crisis and precisely because of the crisis, we must make efforts to broaden education reform; implement profound legal reform; promote political reform of the Mexican state; and request, analyze, and supervise compliance with the Comprehensive Development Plan [Plan de Desarrollo Global].

Canacintra Blames Crisis on Structural Problems

PA0604002195 Mexico City REFORMA in Spanish 3 Apr 95 p 24A

[Report by Armando Gasca]

[FBIS Translated Text] Canacintra [National Association of Manufacturers] has diagnosed that some of the evils from which Mexico is suffering stem from the fact that structural changes in the economy were based on temporary adjustment programs, in which economic policy instruments became objectives.

Canacintra said that the events in the financial sector have uncovered, on one hand, the inefficiency of monetary and financial variables to sustain the country's macroeconomic stability and revealed, on the other hand, the fragility of the national production apparatus.

In an analysis conducted since the onset of the Mexican crisis, the industrial entity affirmed that Mexico does indeed have the ability to generate its own resources to face problems in the short term, but it is unable, through government policies, to translate those resources into savings that will be destined for production activities.

Canacintra stressed that seven years of Mexican commercial opening to foreign capital and products without negotiating reciprocity, in conjunction with the exclusive modernization of the Mexican financial system but not of its production apparatus, resulted in macroeconomic stability and microeconomic instability.

Error of Design

"Within an economic phase of important structural changes, it was an error not to have designed clearly the strategy of reconversion and modernization of the countryside and industry because it involves the risk of fomenting a concentrating pattern of production and, therefore, a more rigid distribution plan each time," Canacintra said.

The organization presided over by Victor Manuel Terrones warned that the concentration of wealth, the lack of mechanisms promoting savings, the culture of squandering resources, and the lack of business vision have turned the problem of productive savings into a structural problem.

The financial sector, Canacintra highlighted, has been one of those that benefited most from previous economic policies: benefits and concessions, combined with the lack of public control of that sector, gave way to the emergence of multiple financial intermediaries. These intermediaries have blocked and made financing more

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expensive instead of supporting the development of the production sectors of the countryside and industry.

Canacintra added: "The allocation of those resources centered on guarantees and high short-term profitability offered by large enterprises, contributing to an disproportionate growth of economic units and helping expand the heterogeneous character of the country's economic structure."

Canacintra considered that the true objective of the economy must be the generation of wealth and its equitable distribution so that final consumption is in keeping with social needs.

"As things appear now, 1995 will be a very complex year for investment, production, and employment," Canacintra continued, adding: "That is why financial, fiscal, monetary, and commercial variables must be geared toward achieving the aforesaid economic ends."

Concamin President on Economic Crisis

PA0604002595 Mexico City LA JORNADA in Spanish 4 Apr 95 p 1-44

[FBIS Translated Text] Victor Manuel Diaz Romero, president of the Confederation of Industrial Associations (Concamin), sketches a somber outlook for Mexican industry: "The financial situation of companies is weakening, demand is shrinking, the cost of money is far too high and access to new markets is difficult, consumption is falling, and company modernization is unfinished and some of its technology is outdated."

Nevertheless, he believes the current economic plan should not be altered. If it is, "we will close doors to international markets and end up with no markets and no money. I see no other solution for miracles that are not going to occur. There were alternate formulas in the past, but they were not taken into account. Now we must try to get out of this situation as soon as possible."

In an interview, the industrial leader said that our economic obligations with the international financial institutions are such that Mexico is forced to continue meeting them, while trying to maintain stability and preserve sovereignty.

Regarding political issues, Diaz Romero scorned the attitude of "those groups that insist on creating instability in the country." Despite this, Mexico must continue its democratic process "at all cost."

Victor Manuel Diaz Romero granted his first formal interview just one week after taking office as Concamin president. In addressing the "difficult and extremely complex situation" facing Mexico's industrial sector, he said: "The pins we used to hold up the economy have given way."

Now, he said, we must save our companies from the financial crisis they are experiencing and stop the closures, which affect 10 to 30 percent of Mexican manufacturers. Meanwhile, there are other companies working at 40 percent capacity, he explained.

Looking back on the economic policies the government has implemented over the last 10 years, he noted that some were good while others were not. "We would have preferred a different kind of solution, one where financing costs were lower and whose objective was not necessarily to go up against inflation...which has cost us so much."

Victor Manuel Diaz Romero added that "we believe we should be working on ways to facilitate industrial promotion and development, help reactivate economic activity in general, resume regional development, and attract foreign currency, all of which will give us the certainty that we are on the right track.

"What we are asking the government to do is to make a sacrifice equal to that which the whole community is making. We are asking them to seek creative ways for all sectors and companies to survive."

[LA JORNADA] Do you believe the government had any other way out before implementing the economic system that has been in effect for a decade now?

[Diaz Romero] I believe there were other ways. We proposed ways. But there is not much space left now, so we must face the situation and put it behind us as soon as possible, and try to reduce the cost of money, lower taxes, and help the needy. There must be greater access to export markets, increased foreign currency influx, promotion of alliances, and more domestic savings. Above all, we must try not to let this phenomenon happen again.

Mexican industrialists, he stressed, "pointed out the areas that were not going very well. We said the economy should have shifted a year ago and at a faster pace in order to be more competitive. Trade opening should not have been so sudden, but more gradual. The process should have paid attention to the various levels of development. We stressed the importance of having quick response mechanisms ready to protect tariffs and provide compensation quotas for certain sectors that would be affected. We maintain that there is a need for an economic policy and that there are several things that need correcting."

[LA JORNADA] Several business leaders have said the international financial institutions imposed the economic policies at a high cost to Mexicans. Do you think we should continue on this course?

[Diaz Romero] There are certain drummers you do not like to march to but must anyway, because they are the conditions established by the person who granted you the credit and the markets in order to go on living. If you march to a different drummer, you will have no market and no money. That is the problem.

[LA JORNADA] Given the negative results, should we not change course?

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[Diaz Romero] No, because that would be curing the symptoms, not the root of the problem. We need to correct the root of the problem and monitor the system to prevent regression.

[LA JORNADA] Will Mexico's economic policies then continue to depend on other countries and the international financial institutions?

[Diaz Romero] No, they should depend on our own guidelines. We should define them, but we have commitments that we must meet. If we want to be included in the world economy we must meet those commitments until we attain stability and sovereignty, which should be understood as a better standard of living, a stronger economy, improved international presence, as well as greater social, cultural, and economic growth. Should we choose another path, we will be closing the doors to international credit markets.

Victor Manuel Diaz Romero, in approaching the political issue, said: "We criticize the president if he is democratic and more open, and we say we is weak. Well, do we or do we not want democracy? If we establish the fight against corruption and crime they say we are arbitrary and we are overstepping our authority.

"Those who like to fish in troubled waters take advantage of all this to weaken our government. People who are not well aware of the details are caught in the current. I think we must continue with our democratic process at all cost," he concluded.

Labor Leaders React to Minimum Wage Increases

PA0504181095 Mexico City Radio ACIR Network in Spanish 0000 GMT 31 Mar 95

[Report by Marianela Palacios from the "Evening News Panorama"]

[FBIS Translated Text] Approximately 24 hours before the deadline for implementing the wage increase, the National Minimum Wage Commission [Comision Nacional de los Salarios Minimos], in conjunction with business and labor representatives, decided to increase minimum wages 12 percent and to set a 1 percent fiscal bonus. At the end of their latest closed-door meeting, Commission President Basilio Gonzalez Nunez read the resolution that stipulated the amounts assigned to each one of the three levels of minimum wages. Let us listen to him:

[Begin Gonzalez Nunez recording] [Words indistinct] the three levels of the general minimum wages will be the following: Geographic Area A: 18.30 new pesos; Geographic Area B: 17.00 new pesos; and Geographic Area C: 15.44 new pesos. [end recording]

We recall that Area A includes the Federal District, the metropolitan area, the states of Baja California and Baja California Sur, and the cities of Acapulco, Nogales, Matamoros, Quetzacualco, and Ciudad Juarez, among others. Area B includes the cities of Guadalajara, Monterrey, Tampico, Hermosillo, and Costa Rica, just to mention a few. Area C encompasses all the municipalities in 21 states, such as Aguascalientes, Campeche, Morelos, Oaxaca, Chiapas, Durango, Puebla, Queretaro, Yucatan, and Zacatecas. The 12 percent increase, which was based on the need to defend production money and contain unemployment, will set the highest minimum wage at 18.30 new pesos per day and the lowest at 15.44 new pesos.

In reaching this decision, one that satisfied business and government sectors but that workers had to accept with resignation, the commission took into account the repercussions triggered by the purchasing power crisis, the way prices have evolved in the past months, and expectation of national growth.

After the bargaining ended, labor sector spokesman Adolfo Gott Trujillo answered a few questions on why the workers had accepted the 12 percent increase. Let's listen to him:

[Begin Gott Trujillo recording] I don't think it would benefit the workers or the country if the labor sector took to the streets to demonstrate and hold meetings and strikes. I believe it would make matters worse. That is why we have tried to control the situation up to now and have accepted this burden. We will continue on this path so as to have social peace, which is worth much more than any percentage we might get to increase the minimum wages. [end recording]

Labor sector representatives also asserted that the 12 percent increase in minimum wages was not enough and that they anticipate it will trigger strong discontent among the working class. But they said that the workers have to understand that the current economic situation does not allow for a larger increase. Javier Pineda Cerino said that historically the minimum wage has always lagged and that purchasing power had recently suffered a 60 percent drop. The CTM [Confederation of Mexican Workers] labor secretary added that although the increase granted on Thursday does not satisfy the workers, it will partially alleviate their economic pressures. Let us listen to him:

[Begin Pineda Cerino recording] We do not want to talk about ideal increases. Historically, minimum wages have lagged approximately 50 percent and perhaps 45 or 40 percent in the [words indistinct]. This means we would have had to get a 50 percent increase or something in that range. I don't think the country is in a position to grant this. [end recording]

He added that the highest minimum wage is apparently 18.30 new pesos, but that if you take the fiscal bonus into account this figure grows to 20.66 new pesos. At least this will allow workers to recover some of the purchasing power lost to inflation.

Leonardo Rodriguez Alcainez, secretary general of the United Trade Union of Electrical Workers of the Mexican Republic, commented that more important than the

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minimum wage increase is the need to stop a new escalation of prices and help the economy level off.

[Begin Rodriguez Alcainez recording] If prices don't increase even one decimal point, we will be satisfied with this wage increase because it will allow us to even out the price-wage imbalance somewhat and resolve the situation soon. [end recording]

Both labor representatives admitted, as stated previously, that the approved 12 percent wage increase will trigger workers' discontent, especially with their leaders, on the occasion of 1 May, Labor Day.

Merchants Blame VAT Hike for Dramatic Drop in Sales

PA0604002395 Mexico City El FINANCIERO in Spanish 4 Apr 95 p 27

[Report by Arturo Gomez Salgado]

[FBIS Translated Text] Three days after the 50-percent increase in the value-added tax (VAT) went into effect, sales have dropped 30 percent while tens of peddlers, victims of unemployment, are crowding the avenues and streets in Mexico City's historic midtown area.

The merchants' situation is the most critical in the past 20 years. Thousands of shops will very likely close, crushed by excessive taxes and the abrupt drop in sales, according to Salvador Lopez Negrete, president of the National Chamber of Commerce (Canaco), and Daniel Loaeza, leader of the Merchants Association of Mexico City's Historic Midtown Area.

The VAT hike, they explained, has created confusion and grumbling among consumers, whose lack of money became evident in the last three days with the 30 percent drop in sales of various products and in, most of all, across-the-board consumption. The situation gives an idea of the serious recession that exists.

Lopez Negrete admitted that the VAT increase has prompted many consumers to completely refuse to purchase goods. They fail to understand that the government, not merchants, is responsible for this measure, although the latter unfortunately have to answer for it and are discredited.

Organized merchants are not raising prices arbitrarily. They are just including the additional increase in VAT ordered by the authorities with the endorsement of the people's representatives in both legislative chambers.

In view of the serious situation stores are experiencing, Lopez Negrete predicted that thousands of stores will close in 1995, "unable to take the belt tightening much longer, because the situation has wiped out their profit margin."

The Canaco leader stated that as legally established stores close there are more peddlers. In view of the rising unemployment, peddlers crowd streets and avenues, where it is possible to make a minimum profit selling different products.

Loaeza demanded strong and immediate action against peddlers and corrupt officials who encourage them, "because this illicit activity creates huge losses to us since the demand for our products drops and since the peddlers have an advantage right now, since they do not have to pay employees or taxes."

He stated that in the past two months, the number of peddlers has risen tremendously. Approximately 3,000 stores in the historic midtown area closed their doors because of the dramatic drop in sales and the presence of all kinds of stalls.

Deficit Between Supply, Demand at $2.4 Billion

PA0604002295 Mexico City LA JORNADA in Spanish 3 Apr 95 p 44, 56

[Report by Roberto Gonzalez Amador]

[FBIS Translated Text] Reports from the Finance and Public Credit Secretariat (SHCP), the Bank of Mexico [Banxico], and financial groups indicate that as the second quarter of the year begins and as the economy faces its most critical phase since the beginning of the crisis, the balance between supply and demand, which is necessary to honor the April-June financial commitments of our public and private sectors, is at a $2.4-billion deficit, which could be covered only by turning to the country's foreign assets.

A recent analysis by Bolsa Vector concludes that a shrink in production, restrictions on liquidity, and the high social cost of the program will become more evident beginning this month, in which the VAT [value-added tax] and the minimum salary increases will prompt higher inflation. "Guaranteeing that these shortcomings constitute a swift and difficult adjustment, behind which the possibility of growing again lurks, preventing distortions and imbalances that would deepen and prolong the economic adjustment, is the critical factor that makes the program viable," the analysis adds.

According to available official information, approximately $5 billion worth of treasury bonds (Tesobonos), including anticipated amortizations, will mature in the second quarter. In addition, the maturities of certificates of deposit (Cedes) and the banks' credit lines for the same period amount to approximately $5 billion, in addition to $2 billion the Savings Protection Banking Fund (Fobaproa) needs to help commercial banks.

The corporations' Eurobonds and Euronotes principal that will mature during the second quarter—approximately $1.5 billion—and an undetermined amount of the corporations' commercial paper maturities should be added to the preceding figures.

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Then, the amount needed would total at least $13.5 billion. But the liquidation of commercial paper and the credit lines that must be settled in 1995, which are estimated to total $8 billion according to official projections, are excluded from this amount.

According to Vector experts, if we fail to consider the use of international reserves, we will note that during the rest of the first half of 1995, the flow of resources available, estimated at $10.1 billion, will be barely enough to cover the liquidity requirements forecast for this period.

This is how, they maintain, should we balance the balance of payments current account, as the government wants to, by late June the amount of international assets will be approximately the same as the amount reported last time.

As of last week, $10.9 billion of the financial aid package had been added to international reserves.

Vector also explained that the only resources guaranteed for May and June are at the most two IMF loans amounting to $3.4 billion and another $6.7 billion coming from the U.S. Exchange Stabilization Fund. These loans add up to $10.1 billion. But the Zedillo government will have access to them only if it subjects itself to the rigid fiscal and monetary practices imposed by the IMF and the U.S. Government, as stipulated in their respective aid agreements.

In the opinion of certain financial analysts, the precarious balance between supply and demand could keep the exchange rate unstable for the next few months.

As is the case with most monetary variables, the exchange rate is set according to the expectations of economic actors, therefore, given the current conditions in the foreign exchange market, these agents maintain that the dollar resources available to the government are barely enough to gradually amortize the maturities of the foreign obligations. Consequently, authorities will have a hard time stabilizing the exchange rate at 6 pesos to the dollar before June, Vector stated, adding that the balance between supply and demand could improve by the second half of the year.

The maturities of Tesobonos held by foreigners amount to $5.5 billion for this period. The liquidation of Cedes and Fobaproa requirements amounting to $5 to $7 billion should be added to those maturities, as well as the maturities of other types of securities (among others, the interest and principal on Eurobonds, Euronotes, and Brady Bonds), amounting to $2.41 billion and undetermined amounts of commercial paper. These combined maturities will require approximately $15 billion in the second half of the year.

From July to December, the aid available from the economic package will total $16.6 billion. This is why the average annual balance of Banxico's international reserves will remain at practically $9 billion.

Treasury Certificates Register Slight Drop in All Issues

PA0504172595 Mexico City NOTIMEX in Spanish 1633 GMT 5 Apr 95

[FBIS Translated Text] Mexico City, 5 Apr (NOTIMEX)—Interest rates on Treasury Certificates (Cetes) registered a slight drop in all its issues today and its 28-day certificate will yield 74.5 percent upon its maturity.

Sources from the Mexican Stock Exchange reported that in this week's auction, the (Central) Bank of Mexico placed 28-day Cetes with a 74.5-percent interest rate, a slight drop of 0.5 percent.

The 14-day Cetes had a 78.21-percent interest rate, a 0.61- percent reduction with regard to last week's auction. The 91-day Cetes will yield 74.0 percent, for a drop of 3.99 percentage points.

Stock exchange sources said the 2.5 billion new pesos (some $362 million) that were auctioned off were all allocated to domestic and foreign investors.

Investment Units Go Into Effect 3 Apr

PA0504155495 Mexico City XEW Television Network in Spanish 0430 GMT 4 Apr 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The investement units called UDI's [unidades de inversion] went into effect this Monday. They are applicable, in the first stage, to the refinancing of business and mortgage credits. What are the UDI's and how do they operate? Much has been said in this regard in the last few days. However, since it is something completely new in Mexico's financial system, it is not easy to understand it.

UDI's are not a currency. UDI's are units of account that will serve to express the value of an investment, a credit, or a commercial transaction. Its value will be set each day according to the National Consumer Price Index set by the Bank of Mexico.

It has been said repeatedly that the UDI's will benefit both debtors and savers. Why? Because for those owing money to banks, by restructuring a credit in UDI's, their interest payments will drop automatically. Instead of charging the current and high rates of 6 or 8 percent monthly, interest will be paid at a reduced rate, because the inflationary effect will be discounted. For instance, for a mortgage credit of 100,000 new pesos at the current rates, in one year you would pay in interest alone 80,000 pesos, that is nearly all of the debt. But you would still owe the same or more if you did not pay the interest in full. This makes it impossible to pay debts.

Meanwhile, if for the same credit of 100,000 new pesos one person currently pays 8,000 new pesos montly, by switching to UDI's, his monthly payment would be 800

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new pesos plus a payment on capital, if no grace period exists. In other words, this latter formula significantly alleviates the individual's interest burden.

Regarding savers, the UDI's will allow them to maintain the value of their money, without losing purchasing power as a result of inflation. For instance, if you invest 100 pesos in UDI's, at the end of the year, if inflation was 50 percent, you would get 150 pesos and an additional dividend. This will allow you to earn a real profit.

It should be pointed out that thew UDI's will be applied to the restructuring of business and mortgage credits, for terms of up to 30 years for the latter. Beginning today, those interested may go to their banks to sign up on the list of persons hoping to receive UDI's.

Aviation Reports $900 Million in First Quarter Losses

PA0604004295 Mexico City NOTIMEX in Spanish 2045 GMT 4 Apr 95

[FBIS Translated Text] Mexico City, 4 Apr (NOTIMEX)—Commercial, private, and agricultural aviation has reported $900 million losses during the first quarter of 1995 as the result of the Mexican currency's devaluation, high interest rates, and the bureaucracy of aeronautical authorities.

Leonardo Gutierrez Pimentel, president of the National Association of Aviation Advisers, said that the paperwork of some 500 commercial planes that are grounded "because of the Civil Aeronautics National Directorate's obstacles and arbitrary actions" must be expedited. "In aviation, paperwork must be done quickly and efficiently. For the sake of aeronautical activities, there should not be any bothersome and slow procedures," he added.

According to Gutierrez Pimentel, this situation has very nearly paralyzed commercial aviation. "If bureaucracy continues to hinder operations, hundreds of workers, including pilots, mechanics, dispatchers, and ground support personnel could be left jobless," he went on to say. He asked the federal government to intervene and "put an end to these problems so that general aviation may develop."

In conclusion, he said that this sector, which developed gradually, is now on the verge of paralysis. For this reason, he reiterated the urgent need to permit the planes mentioned above to resume their activities.

Article Examines Market Trends

PA0504193695 Mexico City EL FINANCIERO in Spanish 3 Apr 95 p 3A

[Article by Irma Contreras, Wendy Rodriguez, Victor Felipe Piz]

[FBIS Translated Text] In March, domestic financial markets showed signs of having stabilized, particularly during the past two weeks when the Mexican Securities Exchange (BMV) was able to recover half this year's losses and the peso's decline against the U.S. dollar was finally halted.

As of 20 March, the Mexican currency even furnished evidence of slightly recovering against the U.S. dollar, since on that particular day—with the exception of one trading session—the peso began to be sold at less than 7 to the U.S. dollar.

On the other hand, during the third month of the year, principal domestic interest rates—as measured by the 28-day Treasury Certificates of the Federation (Cetes)—reached their highest yield in the last seven years: 82.75 percent.

This occurred because of the unease prevailing in the U.S. dollar market. In any event, the increase in yield surpassed all expectations but was still insufficient to diminish exchange rate speculation which also showed a tendency to increase.

BMV Shows Signs of Having Hit Bottom

After five unfortunate months, where brokers simply stood by and watched share prices fall and fall, the BMV index is finally starting to show signs that could well indicate that the market has hit bottom.

In fact, the 18.27 percent increase established by leading stock indicators during the past 22 trading sessions not only allowed the index to stem its five-month declining trend, but has helped it recover 45 percent of the losses accumulated this year.

March represents a reprieve for the stock market's falling trend in the medium term and an opportunity to begin purchasing shares at prices so low to have once been inconceivable to fund managers.

But the most significant aspect of all this is that for the first time in the past 26 weeks the index, by breaking the 2700-2800 point barrier, emitted the first sign of an upward trend.

With a consistent upward trend, where demand prevailed up until the last days of March, the index accumulated a 282.99 point increase (18.26 percent), the most significant monthly gain since October 1992.

There have been minor price gains ever since the stock market reached its minimum 1,447 points (27 February). These gains have grown more intense in the last week and a half.

This performance is due to an ever-increasing influx of capital aimed at the variable income market stemming from a progression of market indicators which domestic and foreign investors perceive as positive.

Even two weeks after the implementation of the government's shock program, investors were still opting to

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remain on the sidelines. Once the program was assimilated and the main macroeconomic indicators began to show signs of stability, variable income investors have decided to take advantage of bargains available thanks to drops in the prices of most stocks.

Although a degree of uncertainty prevails and there is still a touch of speculation in current buying, the fact that profit taking has been minimal in the wake of such a significant increase (18.25 percent in March) shows that investors are adopting medium-term positions.

Other factors that encouraged purchases were recommendations by some foreign investment firms, which after several months of ignoring Mexican securities, have begun to include them in their respective investment portfolios, which in turn has made stocks in cement, trading houses, communications, and transportation companies more attractive.

From a strict technical point of view, the leading BMV indicator could continue rising all the way to 1,910, near the 100-day average, given the fact that the 1,800 level has already been surpassed.

At any rate, because indicators are not yet showing significant gains, it has not been ruled out that at levels over 1,900 there could well be a correction that would push the index down to 1,650.

For the moment, the risk of the market reverting to levels seen at the end of February (1,477) is practically nil since midterm investors are starting to enter the market. Even if an upward trend like the one experienced during 1990-1993 cannot be repeated, then at least there could be enough stability to permit a slow recovery.

March, Stable Month for the Exchange Rate

Without a doubt, March was the Mexican peso's stablest month since the devaluation began at the end of December 1994. Nevertheless, the peso ended the month with a negative balance against the U.S. dollar, which once again posted a significant 14.41 percent gain in its interbank value and 9.68 percent rise in over-the-counter value.

Thus, as far as 1995 goes, the U.S. dollar has increased its interbank value against the peso by 36.6 percent, while the accumulated over-the-counter price has increased 30.77 percent.

It is a fact that during March the exchange market once again fell prey to investor speculation, anxiety, and uncertainty, particularly prior to the unveiling of the new economic program—9 March—going as far as to establish new maximum historical levels for the exchange rate, very close to 8 pesos to the U.S. dollar.

The central bank had to constantly be making "discretionary" interventions, while concurrently raising national interest rates in spectacular fashion. This measure, designed to slow the upward trend in the exchange rate, was ineffective and basically counterproductive.

But with the implementation of the Parausee [Action Plan to Strengthen the Agreement of Unity To Overcome the Economic Emergency], the use of $3 billion by Mexican officials, just a day after guidelines for its use were announced, and the decision to pay off matured Tesobonos in dollars—to whoever availed himself of this option—the exchange market slowly entered a period of increased stability, although it was still backed by the Bank of Mexico (Banxico) and stimulated by the BMV's signs of recovery.

At the close of the first quarter of the year, peso-dollar parity remains high and still distant from the current administration's latest forecast, which set it at 6 new pesos [N$], according to specialists consulted by EL FINANCIERO. They said that the most important thing is to not disrupt stability again.

In this sense, the experts believe that stability will prevail in April, although the peso could face abrupt ups and downs. This thinking is based on the fact that by establishing a futures market the current administration will try to keep the exchange rate within a range that could fluctuate between N$6.60 and N$6.40 to the dollar, allowing a maximum of N$7.50 to the dollar at any given time.

Confidence That Interest Rates Have Hit Ceiling

In reaction to pronounced fluctuations in interest rates, the 28-day average interbank interest rate (TIIP)—an index used to calculate the cost of credit—hit a historical ceiling of 109.7160 percent annually, just over two years since entering the market. The impact of this increase translated into active rates of up to 140 points.

After this, rates came down, making money market experts think that interest rates had hit the ceiling. The experts believe, however, that in the short term rates will keep fluctuating across a five-point band.

Leading nominal returns for Cetes have reached their highest level—75 percent—since primary issue number 13 in 1988. Their monthly average for March 1995 was 69.54 percent, the highest in the previous 84 months.

It is worth mentioning that, although rates fluctuated on less fictitious market levels in the last two reference auctions, the rates are still onerous for the economy.

So far this year, the profit of the primary 28-day issue increased by 44 percentage units, which expands to 61.25 points when compared to profits before the 20 December devaluation.

As for the secondary money market, the system was under pressure for liquidity from paper returns nearly all through March, a situation that forced the issuing bank to participate in the secondary money market by borrowing securities.

In the last week of the month, however, because of the increasing demand for paper and the shortage thereof,

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plus the high proceeds marked by the Central Bank, the bank was forced to auction credit.

In the third month of the year, one-day Cetes, expressed as one-day borrowed securities, experienced a minimum interest rate of 19 percent and a maximum rate of 88 percent. Simultaneously, the money shortage was reflected by an increase in the average rate of 48 percent on first day of operations to 73 percent last Friday.

Some additional information: in March the monetary authority established the 28-day interbank equilibrium interest rate (TIIE), which will reflect market conditions better than TIIP.

Article Reviews Results of External Growth Model

PA0604002095 Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 3 Apr 95 p 3

[Article by Gustavo Sauri]

[FBIS Translated Text] The external growth model, based on the promotion of exports and trade opening, has not resolved the country's structural foreign trade problems because only 6.3 percent of the country's small and medium-sized enterprises were incorporated into the manufacturing sector's total exports and because the automobile, chemical, and electronics industries alone accounted for 51.7 percent of this sector's sales abroad.

Besides, for the past nine years since it was implemented in 1986, it has only benefited large foreign-owned companies, the ones able to purchase cheap raw materials abroad with an overvalued currency while small and medium-sized companies were only exporting $1.243 billion per year.

According to economic analysis by EL FINANCIERO using figures from Banxico [Bank of Mexico], the National Foreign Trade Council (Conacex), and the National Association of Mexican Importers and Exporters (ANIERM), opening up the domestic market to foreign competition created a trade deficit of $55.236 billion between 1990 and 1994. Short-term speculative capital was invested here, but once it was withdrawn it caused a financial crisis which spread throughout the entire continent, leaving its imperfections and deficiencies exposed.

Mistakes in the application of the model were seen in an increase in exports to an annual average of 11.6 percent, while exports increased 18.2 percent during the same period.

Of the 200 most important exporting companies in Latin America, only 36 are in Mexico, of which 25 are foreign-owned companies and only 11 are Mexican.

In the automotive industry, assembly plants in Mexico generated exports worth $7.991 billion in 1994, which included auto parts, motors, and other automotive products.

General Motors took first place, followed by Chrysler. The manufacturing sector sold abroad $24.747 billion in 1994 and automotive sector exports accounted for 32.5 percent of this total.

That is not all. The trade balance in the automotive sector had a $1.472 billion deficit; sales included auto parts, motors, and finished products, while imports included assembly material, auto parts, and vehicles and motors.

This means that even though assembly plants generated foreign exchange with their sales, the amount they obtained to make purchases abroad was insufficient, which forced them to obtain dollars in the national exchange market.

If to the automobile industry we add the electronics industry, which exported $2.461 billion last year, and the chemical industry, which exported $2.240 billion, we can see that these three sectors alone make up 51.7 percent of the country's manufacturing industry's total exports. This means that three sectors where non-Mexican companies prevail conduct more than half of the sales of the most strategic exporting sector in the country, which is the manufacturing sector.

The electronics industry includes companies such as Xerox, which in 1993 occupied 19th place among the country's top 100 companies that export goods and services. Teleindustria Ericsson took 35th place; Siemens, 67th place; and Industrias Frigorificas, 87th place.

Among the companies in the chemical industry with the most exports were Dupont, 28th place, and Kodak, 38th place.

Of the 50 most important exporting companies in the country, 18, or 36 percent, are foreign-owned. Together they exported $7.281 billion in 1993, the equivalent of 36.7 percent of that year's total manufactured exports, which amounted to $19.832 billion.

In view of these results, we need to draft a real export support policy for small and medium-sized companies. The policies include accelerating the paperwork, improving transportation, and making public services used by companies more competitive. We may need to question and even postpone globalization efforts.

The discussion of policies, instruments, and their application and not of the model itself will entail adjusting ourselves to a different reality.

PAN Urges Demonstrations Against Emergency Plan

PA0604002895 Mexico City EL FINANCIERO in Spanish 4 Apr 95 p 27

[FBIS Translated Text] The top leaders of the National Action Party (PAN) called on the party's leaders and active members all over the country to conduct peaceful

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demonstrations against the current emergency economic program and the 50-percent increase in the value-added tax (VAT).

The PAN's National Executive Committee insisted that the government has failed to live up to its share of the sacrifice, has not changed its economic policy, and is keeping the people in a state of uncertainty.

The PAN affirmed its solidarity with all citizens who demonstrate against the economic measures and wants all feasible proposals by the different sectors to be heard.

In a press communique, PAN leaders reiterated their rejection of the steep tax increases and proposed the restructuring, merger, or elimination of several state secretariats.

With respect to this proposal, the PAN stated the government must reduce its expenses by 5 percent in general and by 30 percent in the federal agencies' operating expenses.

It must especially eliminate those entities that no longer fulfill the objectives for which they were created and also consume large amounts of money.

The entities mentioned include the Secretariats of Foreign Relations, Energy, Agrarian Reform, the Federal Comptroller General's Office, and Tourism, as well as the Federal Electoral Institute and the Federal Electoral Tribunal.

PAN Senators Return From Cuba, Assess Visit

PA0504163695 Mexico City XEW Television Network in Spanish 0430 GMT 4 Apr 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The group of senators of the National Action Party (PAN) who had been visiting Cuba since 30 March has returned to Mexico. The visit by the 20 PAN senators to Cuba in response to an invitation from the island's parliament ended in the early hours of 3 April. Gabriel Jimenez Remus, coordinator of the PAN bloc in the Senate who was interviewed in Varadero, Cuba, said that despite the hectic working agenda that left little time to spare, they were able to verify certain aspects of Cuban reality.

[Begin recording] [Jimenez] We did talk to people; we talked to the people in the hotel and to others we ran across downtown as we walked around. In this first attempt at communication, I noticed that they have confidence in Cuban authorities regarding this economic recovery.

[Unidentified reporter] Senator, how...

[Jimenez, interrupting] Now with regard to political issues, we did not discuss it. [end recording]

He said that during the private meeting between Cuban Tourism Minister Osmany Cienfuegos and the PAN senators, Cienfuegos acknowledged that the Cuban revolution's mistake in believing in the promises of European socialism, which failed and took Cuba down with it.

[Begin recording] [Jimemez] The authorities with whom we met agreed that they are preparing for economic changes that will eventually bring other dimensions of democracy. [end recording]

President Fidel Castro described the PAN senators' visit as historic and unique. He met with them twice.

During their visit, the PAN senators said they favored democratic and profound change in Cuba and opposed the single-party system prevailing in the island's political arena.

Interviewed in Havana, Elizardo Sanchez, president of the Cuban Commission for Human Rights, which the Cuban Government does not recognize, described the PAN visit as positive.

[Begin recording] [Sanchez] It would be noteworthy if the Cuban Government would take note of this visiting delegation, which is willing to express moral, political, and other types of support from Mexico and other countries and if it were encouraged to embark on the reforms. I am afraid, however, that the Cuban Government and leaders will try to utter friendly and pleasing responses to suggestions by these honorable Mexican visitors, but there will not be sincere willingness to take these suggestions into account. [end recording]

The objective of the PAN visit was to establish a serious and permanent relationship with the Cuban Government, and now that this has been done, Jimenez assessed, we dispelled a myth in Mexico, because Cuba should never have been the exclusive property of any one Mexican political party.

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El Salvador

Police Confirm Existence of Plot To Assassinate UN Head

PA0504224295 San Salvador LA PRENSA GRAFICA in Spanish 5 Apr 95 p 3A

[FBIS Translated Text] National Civilian Police [PNC] Director Rodrigo Avila confirmed yesterday the existence of a plot to assassinate UN Secretary General Butrus Butrus-Ghali during his visit to El Salvador over the weekend. "Following such reports, the presidential security force formed an inner cordon, and the PNC formed an outer one," Avila said. He added that the police received reports of a possible attempt on Butrus-Ghali's life.

According to UN Spokesman Juan Carlos Brandt, who accompanied Butrus-Ghali during the visit, the secretary general was advised of a possible attack when he arrived in El Salvador. Based on government officials' reports, Brandt said the vehicle in which Butrus-Ghali would travel from the military airport to the ONUSAL [UN Observer Mission in El Salvador] offices would be attacked with dynamite. One or more vehicles laden with explosives would be detonated when Butrus-Ghali's car passed. For that reason, instead of taking a land route from Ilopango Airport to the Hotel El Salvador, Butrus-Ghali and part of his group were flown aboard Salvadoran military helicopters to the presidential residence, near the hotel.

Avila declined to reveal how he obtained the report on the plot against Butrus-Ghali. "If I revealed that information, I would obviously be saying something I should not say," he remarked. Asked about the identities of the plotters, he replied: "We don't know. We just received reports of some kind of a threat."

Avila refused to give many details but insisted that "the important thing is that Mr. Butrus-Ghali left the country safe and sound." Avila added: "The plot was reported from New York. I think the UN people have more reliable information than we do. In this instance, we just took all the necessary precautions."

Avila again said that the important thing was that "the dissuasive safety factor surrounding the visitor had a positive effect." He admitted, however, that a dynamite explosion did occur a short distance from where Butrus-Ghali was.

Last week Butrus-Ghali visited the Caribbean and Central America to check on UN peace delegations to Haiti, Honduras, El Salvador, and Guatemala.

The United Nations has played a leading role in attaining peace in El Salvador, a process that has been described as exemplary throughout the world.

Guatemala

GAM Seeks Extradition of Former U.S. Official

PA0604020295 Guatemala City PRENSA LIBRE in Spanish 5 Apr 95 p 3

[FBIS Translated Text] Nineth Montenegro, leader of the Mutual Support Group, GAM, has said that the scandal of the CIA and its links with Guatemalan soldiers can be the basis for clarifying what happened to 29 youths who were kidnapped and tortured in clandestine prisons during the same period in 1984 after they were accused of belonging to the Guatemalan Labor Party, PGT.

Montenegro said that the GAM's intention was to wait for the Truth Commission to clarify the case, because 10 years ago that very accusation resulted in the death of GAM Secretary Hector Gomez Calito, GAM Vice President Rosario Godoy, her two-year-old son, and her brother.

Not only should our colonels and generals be judged, but also the U.S. officials who were involved in that dirty war, Montenegro said.

It is unfair to put all the responsibility on one side when there is another side that gave advice and training and endorsed those actions. Those officials are well-protected in the United States. I don't think that is right, Montenegro stressed.

In an interview with PRENSA LIBRE, Montenegro said the GAM will ask the Attorney General's Office to demand the extradition of U.S. citizen John Michael Tylor [name as published], who was first secretary at the U.S. Embassy at that time.

We will ask the Attorney General's Office to demand Tylor's extradition after meeting with Ambassador Marilyn McAfee, Montenegro said.

According to Montenegro, charges were filed at that time. We reported the case to the Peace Commission, which was headed by Eduardo Meyer Maldonado.

We also informed presidential candidate Fernando Andrade Diaz- Duran, who was foreign minister at the time, but no one lifted a finger. Even Costa Rican President Rodrigo Carazo discussed with Andrade the release of those 29 youths, who were tortured in a clandestine prison in the Army Corps of Engineers, she stressed.

A friend of my husband, Danilo Chinchilla, was kidnapped with him. Chinchilla was found dead seven days later. Tylor told us he had been killed because of his links to the PGT. That's an accusation.

We believe it is time to make this story public. We cannot wait for the Truth Commission to start working, Montenegro said.

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According to this report, Tylor is a key element; he knew my husband was alive. That is why we will request his extradition. Besides, we knew Tylor met once a week with Army Intelligence officers and often talked with Colonel Edgardo Djalma Dominguez.

At the time, nun Diana Ortiz said she had heard a U.S. citizen during her kidnapping; her kidnappers even said they would take her to her good friends at the U.S. Embassy. U.S. Embassy officials and intelligence officers maintained a tight relationship, she pointed out.

As far as I am concerned, I am not interested in making any officer face trial; however, we want to know what happened to the bodies of our relatives.

Tylor Has Nothing to Say

Questioned by PRENSA LIBRE, John Tylor, spokesman for the U.S. Embassy in Guatemala, said that the report the GAM leader filed is just another piece of the puzzle. [sentence as published] For the time being, we have nothing to say, he said.

Meanwhile, Ronald Ochaeta, director of the Bishop's Office for Human Rights, said the GAM has the right to resort to international legal resources to request Tylor's extradition. It would be the first time a U.S. citizens has been extradited, Ochaeta (JAMDEL) [expansion unknown] added.

De Leon Carpio To Decide on Extradition of Former U.S. Embassy Secretary

The decision to extradite the former U.S. Embassy secretary is the president's alone, government spokeswoman Silvia Tejera de Jimenez said yesterday as she made her first statements as head of the Presidency Public Relations Secretariat.

She explained she could not offer more information because it was a situation broached by a popular organization. The president will analyze the situation and will know what to do.

URNG Denies Responsibility in Bomb Attack

PA0504140795 Guatemala City LA REPUBLICA in Spanish 4 Apr 95 p 31

[FBIS Translated Text] Pablo Monsanto, commander of the Guatemalan National Revolutionary Unity (URNG), denied during a news conference held in Mexico City yesterday that the guerrillas were responsible for the explosion that took place near the Presidential Palace last Sunday [2 April]. He blamed "groups within the Army and other factions in power" for the incident.

Likewise Pablo Monsanto, member of the URNG General Command, denied that the persons who were hurt by the explosion were members of the URNG, as the Information and Press Department of the Army, DIDE, had reported.

Economist Carlos Ixcot, professor at the University of San Carlos in Guatemala, was killed in the explosion, and student Diana Cameros was seriously injured.

According to Monsanto, both the report of the United Nations Mission for Guatemala (Minugua) as well as the statements made by the U.S. State Department and U.S. Senator Robert Torricelli about Guatemalan military officers working for the CIA, "have placed certain sectors of the Army in a difficult situation."

To this Monsanto added the complicated situation of the agriculture sector with land invasions by peasant squatters and the recently signed agreement on the identity and rights of Indian peoples, "aspects that have worsened the contradictions within the Army and the groups in power, who are responsible for these violent measures."

Honduras

Government Refuses Admission to Cuban Rafters in Caymans

PA0604005495 San Pedro Sula TIEMPO in Spanish 4 Apr 95 p 5

[FBIS Translated Text] Tegucigalpa—Foreign Minister Ernesto Paz Aguilar said yesterday that the Honduran Government will not receive any more Cuban rafters, who have sought refuge in the Cayman Islands, because these people are not interested in living in this country, but want to travel to the United States.

The official made this statement after it was announced that some 130 Cubans with refugee status in the Cayman Islands would soon be arriving in the country.

"The only thing we announced was the warning by the Costa Rican authorities, who informed us that two motorboats with Cuban rafters were on their way to Honduras from the Cayman Islands," Paz Aguilar said.

He said he was surprised because these Cubans have refugee status in the Cayman Islands. He added that the Honduran Government has not made any decision about granting temporary residence to the 33 rafters, who are currently on the island of Roatan.

"We have taken note of the Costa Rican Government's decision, which is to return the rafters to their place of origin (Cayman Islands) because of their refugee status in that country," he said.

He said the big problem the government faces with the arrival of these Cuban rafters is that they are not interested in living in the countries of the region because they only want to make a stopover on their way to the United States.

He was asked if Cayman Islands authorities are forcing these rafters to travel to Central American countries. He said: "There is information that the Government of the Cayman Islands or people linked to the government are

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encouraging these people to take to the sea in fragile boats in which they endanger their lives."

He said the Honduran Government has always distinguished between rafters who escape from the island of Cuba and those who are refugees in the Cayman Islands.

Radio Tegucigalpa Halts Broadcasts After 12 Years

PA0604024895 Mexico City NOTIMEX in Spanish 1820 GMT 1 Apr 95

[FBIS Translated Text] Tegucigalpa, 1 Apr (NOTIMEX)—The local radio station Radio Tegucigalpa has unexpectedly stopped broadcasting, 12 years after it was founded by journalist Antonio Mazariegos.

Employees reported today that the radio station closed on Friday and that manager Conde Mazariegos, who declared himself bankrupt, has paid neither benefits nor the March payroll to the station's 160 employees.

Claims for the payment of employee benefits have been filed at the Labor Ministry, the workers said.

Radio Tegucigalpa was a news station and rivaled the two largest Honduran stations, Radio America and HRN.

Panama

Officials React to Southern Command Move

PA0604024695 Panama City LA ESTRELLA DE PANAMA in Spanish 4 Apr 95 p 9a

[FBIS Translated Text] Upon learning of the decision to relocate the U.S. Southern Command to Miami, President Ernesto Perez Balladares said that "instead of bemoaning the transfer of the Southern Command, we Panamanians should be making recommendations about how to give those installations a more productive use and how to make them provide more jobs than they currently generate."

U.S. President Bill Clinton officially announced the transfer of the U.S. Southern Command from Ancon Hill in Panama to Miami. The move, which is scheduled to begin within six months and to be completed by June 1998, will cost $60 million.

The first U.S. troops arrived in Panama in 1910 to provide protection and security for the Panama Canal, which was being built at that time. The Southern Command was established in 1963, and its general headquarters were located on Ancon Hill (Quarry Heights), at the pacific entrance of the Panama Canal. It is a regional unified command, responsible for U.S. activities in Central America, South America, and the Caribbean.

According to Colonel Richard O'Connor, director of the Canal Treaty Implementation Center, the relocation of the U.S. Southern Command will take place in compliance with the Torrijos-Carter Treaty signed in 1977, according to which the U.S. military presence in Panama will end on 31 December 1999.

In the meantime, General Barry McCaffrey, commander in chief of the U.S. Southern Command, stated in a press bulletin that the best support for U.S. interests in America can be provided from Miami for the next 50 years.

On the other hand, Panamanian Government officials, politicians, and union leaders agree that the decision adopted by the U.S. Government to relocate the Southern Command is nothing new and is in accordance with the Torrijos-Carter Treaty. Nevertheless, they do differ over the benefits Panama could receive from the relocation of the military bases from national territory.

Foreign Minister Gabriel Lewis Galindo said that "there is not much we can say, only that it is their (the United States') absolute and sovereign decision."

Nearly 770 people, both civilian and military, work at the Southern Command offices in Quarry Heights. Local 907 Secretary General Arturo Thomas indicated that the relocation will not affect Panamanian personnel working at the Southern Command since only five are working there now. In addition, he explained that the U.S. Personnel Office has not advised Local 907 that these five Panamanians will be losing their jobs because of the relocation announcement. Nevertheless, Thomas did explain that more than 10,000 Panamanians working directly or indirectly for the U.S. military bases will lose their jobs by 1999.

The U.S. Southern Command has approximately 8,000 soldiers under its command distributed among 10 military bases located along the banks of the Panama Canal. Those bases must be evacuated by 31 December 1999.

Juan Jose Vallarino, recently elected president of the Panamanian Chamber of Commerce, stated in his inaugural address that "with adequate planning and management, those military bases can become major sources of employment and revenue." He added that "it is first necessary to solve internal issues that have undermined confidence in the performance of the Interoceanic Region Authority (ARI)." The new administrator, Vallarino pointed out "must be someone who can gain the confidence of the private sector and the international community so that the opportunities the Canal area offers can be adequately promoted."

Former presidential candidate Ruben Dario Carles, strongly in favor of the military bases remaining in Panama, said this U.S. Government decision was to be expected in view of Panama's refusal to renegotiate the treaties. "This should make Panamanians realize that some decisions cannot be postponed forever," he remarked.

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Fernando Manfredo, former deputy administrator of the Panama Canal Commission, has always said that the military bases represent an economic burden considering that this area, used intelligently, can generate more revenue than what is being generated right now. This is an opportunity for Panamanians to demonstrate that we are capable people, Manfredo said during a television program. "We must start wearing the pants, roll up our sleeves, and start working."

Fernando Manfredo also said that some Panamanians want the U.S. military bases to remain in Panama because they are unaware of the facts and do not trust in our capabilities.

Jorge Cooper S., who writes for a local newspaper, has reported: "Our fear to face the challenge of administering and making the more than 30,000 hectares currently occupied by the military bases productive unfortunately puts us at the level of an underdeveloped society, not only because of our economic and social structures but because of our psychological underdevelopment, a condition that appears to have reached epidemic proportions in our nation."

"It has been fully demonstrated," he said, "that the military bases do not represent a source of wealth and, on the contrary, underutilize available resources."

Chamber of Commerce Urges Analysis

PA0604025695 Panama City EL SIGLO in Spanish 5 Apr 95 p 58

[Report by Betty W. Mendieta]

[FBIS Translated Text] Juan Jose Vallarino, president of the Chamber of Commerce, Industries, and Agriculture of Panama, said yesterday that the Southern Command's move to Miami "is a very critical subject. This is a race against the clock" because the treaties set the year 2,000 as the deadline for completing the move, which deserves to be studied by all the country's productive sectors.

Before the military bases are dismantled and the troops pulled out, the government should consider the economic cost of their absence from Panamanian territory, he said. According to an analysis by the Chamber, Panama will lose $400 million yearly. The situation is even worse if one considers that certain commercial sectors such as restaurants and laundromats, as well as industries, tourism, and hotels, will be affected.

He continued, saying that Panama requires an economic impetus, which the government is trying to create by making the Labor Code more flexible and by passing laws to establish fiscal incentives. "We should not neglect a source of indirect revenue such as the military bases. This would constitute a grave irresponsibility on the part of the government," he said.

For his part, Panamanian businessman Jose Miguel Aleman said: "All Panamanians should harmoniously try to profit from this move to Miami. New opportunities will present themselves because of our geographical position and laws."

Brin Martinez Calls For Negotiations With U.S. on Bases

PA0504173395 Panama City LA ESTRELLA DE PANAMA in Spanish 4 Apr 95 p 4A

[Article by Pedro Brin Martinez, Parlacen deputy: "Negotiation Is Not Synonymous With Giving In"]

[FBIS Translated Text] Dialogue is the tool used by human beings and nations to clear paths to solutions of problems and to implementation of their plans and permanent goals for development.

Even the miracles of the gods are the result of solitary prayer, alone in the temples or any other place. This is the dialogue in the search for an answer that is only understandable within a divine context and is cannot be explained by rational thought.

On one historic occasion, I chaired a Panamanian delegation, comprised of government representatives, labor leaders, and distinguished businessmen, assigned to a specific mission by General Omar Torrijos Herrera. This task was to officially negotiate economic and commercial relations with East European countries. During the meeting in Moscow with Dr. Malick, then foreign minister of the now defunct Soviet Union, and after discussing the objectives of our visit, among other things, he said: "Mr. Ambassador, everything is fine, but tell Gen. Torrijos to never fight or break off dialogue with his neighbors (the United States)."

Upon my arrival from Moscow, I drafted a special report for Gen. Torrijos in which I stressed the message conveyed by Foreign Minister Malick to him on behalf of his government. This particular instance of advice was not a major guiding factor for Gen. Torrijos in his permanent policy of open dialogue with all peoples and governments in the hemisphere. But perhaps it was a reaffirmation of his foreign policy principles, which ended up in what is already so well-known: the signing of the Canal Treaties.

On an entirely different occasion, because it was another man with different concepts of existing reality and foreign policy, I referred to this principle when I was the president of the Foreign Relations Commission in the Legislative Assembly.

At that time, our ties of cooperation and friendship with the U.S. Government had begun to deteriorate and, at a meeting with Gen. Manuel Antonio Noriega to discuss the prevailing situation, I told him of Malick's message. I stressed that this was a universal principle stipulated in the UN Charter and that, in every conflict, there was no war if dialogue was maintained and that it was the basis for international peace and security.

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We were all witnesses to the fact that Gen. Noriega opted for confrontation and that this ultimately resulted in negative effects on him and the motherland.

Under the new international order, dialogue is held every day in different geographic areas in an attempt to reach bilateral or multilateral agreements, in the face of so many problems that hang over peoples and nations, in the permanent search for solutions.

Then, we cannot understand how there can be a group of Panamanians who, at this juncture, are opposed to beginning a dialogue, referred to as negotiations in diplomatic "jargon" with our former partner and neighbor, the United States, the world's largest power. Who would not like the White House to open its doors for a dialogue on topics or problems that will affect their future and for solutions to be examined during these bilateral talks?

The core of this resistance stems from those Panamanians who believe that whenever there is dialogue or negotiation with a foreign power, we are actually surrendering, giving in, neglecting national values, yielding sovereignty, jurisdiction, and territorial integrity. Those times should be part of our history, following the signing of the Torrijos-Carter Treaties and so many other demonstrations of generational struggles.

The United States can now impose itself upon any nation without physically having military bases on site. The United States controls the economic and technological neocolonialism, which allows it to establish the rules of the game within the context of nations. The United States negotiates and receives approval for extradition, drug, and money-laundering control agreements, mechanisms which—if removed from the right way to fight crimes "against humanity"—are no more than measures favoring legal intervention.

The outlook we should have in order to take advantage of our most important natural resource—our geographic location—in a positive way, is: To negotiate a means to discuss an issue does not mean giving in to signing agreements which damage our national dignity . Whatever the origin of the proposal, it would be worthwhile to initiate negotiations for U.S. bases on Panamanian territory. It is fundamental to both understand and place our cards very clearly on the table: respect for territorial integrity, jurisdictional and sovereign independence.

Integrating U.S. Facilities Priority of Canal Plan

PA0504020595 Panama City EL PANAMA AMERICA in Spanish 3 Apr 95 p E-16

[Report by Arnulfo Barroso W.]

[FBIS Translated Text] EL PANAMA AMERICA has learned from an official document that integrating Forts Espinar, Davis, and Clayton, Howard Air Force Base, and Corozal into the Panamanian economy is, among other things, a priority in the General Plan for the Use, Conservation, and Development of the Canal Area [Plan General de Uso, Conservacion, y Desarrollo del Area del Canal].

The document explains that evaluations called Thematic and Technical Studies [Estudios Tematicos y Tecnicos—ETE] must be conducted through the aforementioned plan to facilitate the Interoceanic Region Authority's (ARI) implementation of the plans for reverted installations.

The document adds that this initiative is an effort to provide guidance and to recommend regulations for the Panama Canal area's integration into Panama's economy by engaging in new activities and taking advantage of Panama's geographic position.

The plan excluded Fort Amador because of an existing study on its potential development; Coco Solo, because it is an established industrial port; and Farfan, because it is small and was previously considered in the Analysis of the Toxic Waste Problem, which was not included in this document.

Another of the plan's priorities is to promote sustainable economic development and employment, taking into consideration the Canal's current and future operational and maintenance needs as well as the need to expand Panama City and Colon.

Before it implements any development initiative, the ARI must make an inventory of all reverted properties and study the comparative advantages of their geographic locations, including Panama's human resources and the interest displayed toward the area's assets.

Police Militarization Receives Widespread Opposition

PA0504153895 Panama City EL SIGLO in Spanish 4 Apr 95 p 45

[Report by Aneldo Arosemena]

[FBIS Translated Text] Papa Egoro Movement legislator Gloria Young says that any project that even hints at having the Public Force led by a military person or that reinstitutes traditional military-style rank and discipline practices must be fought on the principle of a healthy democracy.

The San Miguelito District legislator called for reflection and especially prudence on future discussions dealing with the Public Force's internal regulations, which should, above all, take into account the organization's democratization and its subordination as a nonindependent force to the civilian authority currently represented by Dr. Ernesto Perez Balladares as constitutional president of the Republic.

Moreover, EL SIGLO learned that legislators from all opposition blocs, such as the Authentic Liberal Party, Arnulfist Party, Molirena [Nationalist Liberal Republican Movement], Civic Renewal Party, and Christian

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Democratic Party, propose holding a meeting to study the draft bill on the Public Force and expressed their rejection of anything that even "suggests" a return to an authoritarian institution represented by an organization with rigid discipline under a single command.

Statements by Government and Justice Minister Raul Montenegro to the effect that the police director should be someone from within the force has caused deep concern in different political sectors that fear that the minister's comments could be a prelude to a revival of militarism and military leanings within the National Police.

On the other hand, sources linked to former Police Chief Eduardo Herrera stated that the former officer has expressed disagreement over any attempt to convert the Public Force into the organization it was prior to 1989 and which served as an element of social repression and coercion of the Panamanians' political freedom.

Likewise, EL SIGLO has learned that former National Police directors such as Ebrahim Asvat and Fernando Quesada (who is military trained), expressed their disagreement over any attempt that in practice may mean militarizing the National Police.

Quesada said that because of their previous military training, the police are not fit to lead the institution.

Ricardo Arias Calderon, former minister of government and justice and initiator of the police demilitarization, stated his objections to any law that implies returning to situations similar to those existing prior to 1989 in the Panamanian Public Force.

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Argentina

Modin Applies Old Peronist Slogan to U.S. Ambassador

PY0504233395 Buenos Aires CLARIN in Spanish 5 Apr 95 p 24

[FBIS Translated Text] "Cheek or Rico." This is a rehash of an old Peronist slogan. Today the whole election campaign of Modin [Movement for Independence and Dignity] is based on contradiction.

Having maintained a low profile for a few weeks—some even accused him of not campaigning—[Modin leader] Aldo Rico has returned to the arena of confrontation, in which he feels very comfortable.

Rico's attitude has not changed, but his presentation has: Dawn on 4 April saw the walls of Buenos Aires papered with a new squabble in Argentina that alludes to U.S. Ambassador James Cheek.

Rico already proposed it recently in San Martin, during another meeting in Buenos Aires Province. There are still signs of the rupture that occurred within the party in October 1994 following the agreement that allows [Buenos Aires Province] Governor Eduardo Duhalde to be re-elected.

Rico said: "In 1945 the option was Braden or [former President Juan Domingo] Peron," referring to Spruille Braden, the U.S. Ambassador at the time, adding: "Today, 40 years later, the option is (James) Cheek or Rico."

He said his is the "only option" that can confront Menemism.

Rico added: "Within the realms of carnal relations, [Jose Octavio] Bordon and (Horacio) Massaccesi are different from [Carlos] Menem only in the way they lower their pants. Bordon and Massaccesi lower them to the knees while Menem lowers them all the way to the ankles."

The Hector Aure Advertising Agency, which already worked for Modin during the elections for constituent assembly members, has a series of posters that will be released during the next few weeks.

One of them says: "No to the Trap." In another, a map of Argentina is being asphyxiated by a mouse trap. It reads: "It is a lie that there is only one option. Do not let you vote be trapped."

Another poster places the Radicals [Radical Civic Union], the Justicialist [Justicialist Party], and the economic crisis on the same level. It shows the silhouette of a man with empty pockets and without a head or feet, while the text reads: "1989-1995—History Repeats Itself."

Rico is having a full week. On 4 April he attended a rally in Campana at noon, during the afternoon he was in Escobar, and at night he was on a television political program. On 6 April he will visit San Fernando and Tigre. He will then resume his tours in the interior: in the provinces of San Luis and Tierra del Fuego, where his party has really grown in the past year.

Withdrawal of U.S. Southern Command From Panama Viewed

PY0504234995 Buenos Aires CLARIN in Spanish 5 Apr 95 p 16

[Editorial: "The Southern Command, Further North"]

[FBIS Translated Text] A chapter of hemispheric relations that was characterized by the decisive U.S. influence in the continent's geopolitical definition and the undeniable determination of the dominant power in outlining the institutional, economic, and social policies in Latin America as a whole has now been symbolically closed with the beginning of the transfer of the general headquarters of the Southern Command of the U.S. Army from Panama to Miami.

The progressive dismantling of the powerful military base in the Canal Zone, on the orders of President Clinton, is causing many favorable repercussions and uncertainties, another of the singular and contradictory characteristics of the stage that has been unfolding during the past 10 years. For one thing, it highlights, as another sign that can be lauded even though its was late in arriving, the end of regional acquiescence to the strategic military imperatives and the limits of civility and democracy in Latin American and Caribbean countries.

But, it also brings proof of the loss of U.S. interest in a South that will be less close to its borders, and of the absence of initiatives capable of replacing the out-of-date infrastructure of hemispheric security with political and economic promotion and investment for development. The example is quite illustrative: The dismantling of the U.S. bases in the once strategic Canal Zone and the transfer of the Southern Command will be a considerable loss for the Panamanian economy, and that country's president, Ernesto Perez Balladares, instead of celebrating the happy ending to a long and bloody process, invited his fellow countrymen "not to cry for what was ending" and to bet on a productive reconversion of the territory and its full incorporation within the framework of the country's sovereignty.

Fortunately, the times of the belligerence that was caused by closed borders are now far behind us, but there are still huge tasks to be carried out in important parts of our continent in order to cement a peace that does not include only the absence of fanatical extremes.

Foreign Minister Admits Negotiations With UK Paralyzed

PY0504184895 Buenos Aires CLARIN in Spanish 4 Apr 95 pp 2, 3

[FBIS Translated Text] Despite the fact that President Carlos Menem on various occasions has expressed his

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belief that he would recover the Malvinas Islands before the year 2000, Foreign Minister Guido Di Tella yesterday underlined that "there are no bases" upon which to resume negotiations with the United Kingdom over the sovereignty over the Malvinas Islands.

After participating in a mass for the 648 Argentines killed in the Malvinas Islands war, Di Tella said: "At this moment there is a status of non-negotiation with the United Kingdom, which has a well-known stance (it refuses to reopen these negotiations, which were interrupted by the 1982 war), and there are no bases upon which to advance." The mass was the main official ceremony on the 13th anniversary of the Malvinas Islands war.

The foreign minister also refuted David Tatham, colonial governor of the Malvinas Islands, who in remarks to a Uruguayan newspaper said that the Kelpers were thinking of their independence for a future that he did not specify. With regard to the Kelpers' sovereignty strategy, Di Tella said: "We are not taking him seriously."

Nevertheless, Di Tella emphasized that "the relationship with the Kelpers has advanced significantly, although we have not reached any agreements," referring to his controversial policy of seducing the Kelpers. As the United Kingdom says that it would reopen the sovereignty negotiations only if this was acceptable to the Kelpers, Di Tella has been trying for four years to convince them to lift their veto of this possibility. Di Tella had, therefore, been making the Argentine stance on squid fishing negotiations more flexible through 1994, and among other gestures is now conducting negotiations over the possibility of cooperating in oil exploration in the Malvinas Islands.

The policy of seducing the Kelpers prompted a controversy last year between Di Tella and Mario Campora, the former ambassador to the United Kingdom, who is supported by [Senate Provisional President] Eduardo Menem. Campora, faithfully supporting the traditional foreign policy stance on this point, emphasizes that the relations with the United Kingdom must continue to be increased in order that the British Government might finally wind up accepting the reopening of negotiations, pressed by the new trade situation in the Malvinas Islands zone. In Campora's opinion, the government should fully dedicate itself to this alternative, as the Kelpers have consistently refused to enter into a relationship with Argentina until Argentina eventually shelves its sovereignty claims.

Concerning the oil issue, Di Tella emphasized that at a government level, "an agreement" with the United Kingdom on oil exploration "has not yet been reached" despite the fact that YPF S.A. [Government Oil Deposits, Inc.] and British Gas have achieved an agreement to share the oil that is produced, as CLARIN announced in yesterday's scoop. John Bueno, the British Gas manager in Buenos Aires, announced to CLARIN that the two private companies are ready to initiate oil exploration activities, which will require investments ranging between $50 and $100 million, at the end of the year.

Asked about the outcome of the negotiations held on 27 March in London between Guillermo Gonzalez, the Foreign Ministry under secretary for foreign policy, and his British counterpart, Di Tella noted that he could merely say that "if sovereignty is compromised there will be no" joint "oil exploration." This means among other things that London would have to accept, at least, equally sharing the royalties produced by the wells if oil is discovered.

Diplomats from the two countries are currently negotiating a legal framework allowing joint YPF and British Gas activities, but Buenos Aires wants this legal framework "to not violate" the legal status involving the sovereignty umbrella that was created in 1989 when relations were reestablished.

Germany's Spranger on Technical, Financial Support

PY0504172395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1908 GMT 4 Apr 95

[FBIS Translated Text] Buenos Aires, 4 Apr (NA)—The German Government will concentrate its technical and financial support for Argentina on the promotion of exports from PYME's [Small and Medium-Seized Enterprises] and environmental protection projects, especially forestation projects.

This announcement was made today by German Economic Cooperation Minister Carl-Dieter Spranger who came to our country to review the bilateral technical cooperation projects that are being implemented.

Spranger met President Carlos Menem at Government House this morning. Foreign Minister Guido Di Tella; Andres Cisneros, the Foreign Ministry secretary general and coordination secretary; International Economic Relations Secretary Jorge Campbell; Carlos Zaballa, the Foreign Ministry under secretary for international cooperation; and German ambassador to Argentina Wiegand Pabsch also participated in the meeting.

During an unscheduled news conference at Government House, Spranger emphasized President Carlos Menem's actions, describing them as "highly positive." Spranger also emphasized the "excellent" relations between the Argentine Government and the German Government.

Spranger added that the Argentine president "has improved Argentina's political and economic conditions." Spranger admitted having noted "progress in the field of economic growth and Argentine currency stability."

German cooperation is governed by an agreement signed in 1976. Within this framework, German projects in

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Argentina involved investments totalling about $10 million in 1994, in addition to the $138 million that have been invested since the agreement went into effect.

Turkey's Demirel Signs Agreements With Argentina

PY0504162395 Buenos Aires TELAM in Spanish 2146 GMT 4 Apr 95

[FBIS Translated Text] Buenos Aires, 4 Apr (TELAM)—Upon decorating Turkish President Suleyman Demirel, President Carlos Menem today hailed the economic processes developed by Argentina and Turkey to enhance the regional economic space.

Menem emphasized: "Turkey and Argentina have understood that the globalization of the world economy discredits all isolationist projects. They have taken the required steps to enhance the regional economic space."

During a ceremony at the Government House in which they also signed bilateral agreements, the Argentine president decorated his Turkish counterpart with the Order of the Liberator General San Martin.

Argentina and Turkey signed bilateral agreements to cooperate in the struggle against drug trafficking and international terrorism; to extend the current scientific and cultural exchange program; to develop technological cooperation; and to review an agreement to prevent double taxation.

Referring to Turkey, Menem said: "Today more than ever Turkey is a leading country that is listened to in the international arena, and a country that has also met the challenge of democratizing its society and promoting a market economy."

Regarding the agreements signed by the two countries, Menem indicated: "Although these agreements establish a legal framework this is not enough for their implementation, because now it is up to private enterprises to enhance and enrich the relationship between the two nations."

Menem mentioned Kemal Ataturk as the architect of modern Turkey. He noted: "Sentiments, rather than treaties, unite nations."

Menem noted that "he experienced these sentiments of gratitude and friendship" when he visited that country, where he received a Turkish passport.

Demirel was "moved" by the decoration bestowed upon him by President Menem. Demirel described the decoration as an expression of the "cordiality and sensitivity of the Argentine people."

The Turkish president described Menem as "a fellow countryman of mine," as there is a large number of people from the old Turkish empire living in Argentina.

President Demirel said he felt as if he were in his "fatherland with my brothers and fellow countrymen."

Cancels Visit to Sao Paolo, Rio

TA0604101495 Ankara TRT Television Network in Turkish 0900 GMT 6 Apr 95

[Video report by Gulen Bican in Buenos Aires]

[FBIS Translated Excerpt] [passage omitted] Speaking at a news conference at the end of his visit to Argentina, President Suleyman Demirel discussed the rest of his schedule in South America. He said that his next stop will be Chile and that on Sunday, 9 April, he will be going to Brasilia, the capital of Brazil. He announced that he was canceling his planned visits to Sao Paolo and Rio de Janeiro in that country and that he would be returning to Turkey 48 hours earlier than planned. The president stressed that this change of plans had nothing to do with the developments in Turkey or north Iraq. He said: We made this decision because we had reached the conclusion that the visit will achieve its aims in an even shorter period. [passage omitted]

Economic Cooperation Agreement Signed With Israel

PY0504163095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2003 GMT 4 Apr 95

[FBIS Translated Text] Jerusalem, 4 Apr (AFP-NA)—According to an official source, Israel and Argentina signed on 4 April an economic and trade cooperation agreement that is unrelated to the IDB [Inter-American Development Bank] Assembly that is being held in Jerusalem.

The sources added that this agreement, which seeks to encourage cooperation between the two countries both in private and public sectors, mainly includes transportation, telecommunications, satellite networks, agro-industrial food production, and education.

The agreement was signed by Israeli Foreign Minister Shim'on Peres and Argentine Economy Minister Domingo Cavallo, who was participating in the IDB Assembly.

Argentine sources in Jerusalem reported that Cavallo was forced to urgently return to Buenos Aires on the afternoon of 4 April, after receiving the news of his father's death.

In 1994, Israeli exports to Argentina totalled $71.1 million, and Israeli imports from Argentina totalled $44.8 million.

Officially Registered Tickets for May Elections Announced

PY0504172195 Buenos Aires TELAM in Spanish 2028 GMT 4 Apr 95

[FBIS Translated Text] Buenos Aires, 4 Apr (TELAM)—The Federal Electoral Court of Buenos Aires today announced that 14 tickets, including presidential and

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vice presidential candidates, have been officially registered for the 14 May elections.

Although there was speculation that 13 tickets would run in May, the Federal Electoral Court today announced that 14 tickets would actually run in the 14 May elections, as follows:

—Justicialist Party [PJ]: Carlos Menem-Carlos Ruckauf;

—Radical Civic Union: Horacio Massaccesi-Antonio Hernandez;

—Front for a Country in Solidarity (Frepaso): Jose Octavio Bordon-Carlos "Chacho" Alvarez;

—Movement for Independence and Dignity (Modin): Aldo Rico-Julio Cesar Fernandez Pezzano;

—Front for Patriotic Agreement [Frente para la Coincidencia Patriotica] (Frecopa): Juan Carlos Ongania-Ricardo Paz;

—South Alliance: Fernando Solanas-Carlos Imizcoz;

—Anti-Imperialist People's Democratic Movement [Modepa]: Amilcar Latino Santucho-Irma Anognazzi;

—FUT [expansion unknown]-Workers Party Alliance: Jorge Altamira-Graciela Molle;

—Authentic Socialist Party: Mario Mazzitelli-Alberto Fonseca;

—Republican Force: Fernando Lopez de Zavalia-Pedro Benejam;

—Free Fatherland Current [Corriente Patria Libre]: Humberto Tumini-Jorge Reyna;

—Humanist Party: Lia Mendez-Liliana Ambrosio;

—MAS [Movement Toward Socialism]-PTS [Workers Party for Socialism] Alliance, Workers and Socialist Front: Alcides Christiansen-Jose Montes; and

—Socialist Workers Movement: Luis Zamora-Silvia Diaz.

In a communique signed by Electoral Court Secretary Heriberto Saavedra, the Federal Electoral Court also reported that the parties and alliances that officially registered their lists of deputy candidates were the following: PJ, Radical Civic Union, Frepaso, Modin, Ucede [Democratic Center Union], Democratic Social Party, Authentic Socialist Party, FUT-Workers Party, Free Fatherland Current, Christian Democratic Party, Constitutional Nationalist Party, Ethical Recovery Front [Frente de Recuperacion Etica], MAS-PTS, Retirees Front [Frente de los Jubilados], South Alliance, Order and Justice [Orden y Justicia], Humanist Party, Ecologist Party, Solidarity Party, Progressive Democratic Party, and Federal Party.

Bolivia

COB Executive Secretary Salas Interviewed

PY0504210095 La Paz PRESENCIA in Spanish 26 Mar 95 p 11

[Interview with Oscar Salas Moya, Bolivian Labor Federation, COB, executive secretary by Veronica Sanchez B.; place and date not given]

[FBIS Translated Text] [Sanchez] Why is the COB opposed to the capitalization program?

[Salas] The government is privatizing the most important state- run companies through what it describes as a "novel" privatization program under the label of capitalization. All this falls within the framework of the structural adjustment program designed by the World Bank and the IMF for all Latin American countries.

These are not measures aimed, targeted, or designed to meet national needs. They are merely impositions by these international organizations. We believe the capitalization of main state-owned companies will not yield the results the government has deceitfully claimed.

[Sanchez] Why do you believe the capitalization program will fail?

[Salas] The capitalization program in the medium-term will not help to reactivate the national economy because the government's "famous strategic partners" are not investing and will not invest in Bolivia. If they do, it will not be because they are concerned about national development, but because they are interested in the huge profit that will result from taking over state-owned companies.

This will result in the internationalization of the Bolivian economy. In other words, it will not be the government that will control the country's economic destiny because the main objective of the capitalization program is to withdraw the government from economic management activities. The administration will not even have a say in the distribution of profits.

In sum, the economy will not be managed by the government but by the monopolies that are big enough to become its strategic partners. This is why we oppose the capitalization of state companies.

[Sanchez] Do the companies to be capitalized not need the participation of private companies?

[Salas] I believe the administration has misinformed the country by stating that state-run companies produce deficits, that they are overburdened with debts and that, therefore, they are a burden for all Bolivians. We must challenge this because most state-owned companies are profitable. They only need to be allowed to reinvest their own profits.

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[Sanchez] Let us review the situation on a case-by-case basis. What about YPFB [Bolivian Government Oil Deposits]?

[Salas] YPFB contributes 76 percent of its gross income to the State. This yields between $500 and $550 million per year. It is, therefore, a company that does not need investments partners.

[Sanchez] How about ENTEL? [National Telecommunications Enterprise]?

[Salas] This company is making important direct transactions to the National Treasury worth about 107 million [currency not specified], in addition to paying its tax obligations, its foreign debt; and all of its acquisitions, etc.

[Sanchez] How about ENDE [National Electric Power Enterprise]?

[Salas] It is a profitable company, although not as profitable as YPFB or ENTEL.

When they say strategic companies or partners will make investments to expand the energy production and distribution network in the country, we should ask the administration the following question: What profitable plans and specific projects will lure these strategic partners to invest in Bolivia? There are no projects. In the case of ENDE, they tell us the move will automatically provide capital investment and implement plans to increase the volume of electricity generated. These will occur at best in the medium-term.

[Sanchez] How about ENFE [National Railway Enterprise]?

[Salas] This company has experienced a typical case of economic strangulation. Let me remind you that ENFE would be a profitable company if did not have to subsidize the export and transportation of products like minerals, soybean, and other massive export products. In so doing, ENFE is directly subsidizing the large mineral and agroindustrial companies. If it were not for this situation, ENFE would be a very profitable company.

[Sanchez] What is the situation of the Vinto Iron and Steel Industry Company?

[Salas] Vinto has invested about $100 million since 1979 and has the most modern technology. It has an installed tin capacity of 30,000 tonnes. Its current production is 20,000 tonnes at a profit of $5 million per year. It uses a crystallized system [sistema cristalizado] to avoid polluting the environment. There is no reason to capitalize it.

The administration wants to make Vinto attractive by selling it in a package with Huanuni and Colquiri. Vinto is not a good deal by itself because it lacks sufficient resources. Meanwhile, Huanuni and Colquiri, which currently generate resources, would no longer be obliged to sell minerals to ENAF [National Smelting Enterprise]. ENAF is resolving this problem with great creativity because mining companies, particularly mining cooperatives, would rather export the mineral product to avoid paying high taxes. In view of this and so as not to lose these minerals, it grants a sort of subsidy of about $0.10 cents per pound of tin. It also purchases minerals from Peru and other countries to cover its installed capacity.

Since 1985, COMIBOL [Mining Corporation of Bolivia] has only exploited two installations—Huanuni and Colquiri—the rest have been sold under the pretext that "traditional mining" will be replaced by new large massive mining exploitation methods and state-of-the-art technology. A decade has elapsed and nothing has happened.

[Sanchez] Is it true that the country lacks domestic savings?

[Salas] The government alleges that the country has no domestic savings for investment. That is not true. The fact is there is no accumulated domestic savings. If we study the financial situation about which it boasts, we can see there bank deposits total about $2 billion. The money used to pay exorbitant state expenses comes from the earnings of state-owned companies. This country is submerged in poverty yet paradoxically there is an abundance of luxurious cars, and air transportation companies that do not help to build production. All this promotes the flight of domestic savings.

We believe that if YPFB is allowed to use a percentage of what it deposits in the National Treasury, it would have sufficient money to reinvest and subsequently increase production.

[Sanchez] The situation of some state-owned companies is critical due to technological backwardness, bad administration, etc. How would you achieve the economic recovery of these companies?

[Salas] We are opposed to the capitalization of state-owned companies, not just for the sake of mere opposition, but because there are possibilities to reinvest the profits these companies produce. This is the situation of ENTEL and ENDE. We do not rabidly oppose foreign investments. We oppose the fact that these foreign investments are based on the expropriation of state-owned companies and the patrimony of these companies. If they want to invest, they should invest by opening new production markets. For example, Mr. Mario Mercado made important investments with his Inti Raymi company and no one opposed that. We oppose the expropriation of national patrimony.

Brazil

U.S. Clean Air Act Regulations May Provoke WTO Dispute

PY0504162795 Rio de Janeiro O GLOBO in Portuguese 2 Apr 95 p 53

[Report by Deborah Berlinck]

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[FBIS Translated Text] Geneva—Gasoline is expected to provoke the first dispute between Brazil and the United States of America within the new and powerful World Trade Organization (WTO). Brazil, which exports gasoline to the United States, contends that a U.S. environmental regulation that went into effect in January will hurt exports by the Brazilian Petroleum Corporation [Petrobras]. Brazil claims the new regulation discriminates against imported gasoline to the benefit of U.S. gasoline. This, according to the Brazilian Government, violates the nondiscrimination rule guaranteed under world trade agreements.

Petrobras is taking steps to engage in this dispute, and has already hired attorneys in Washington to this end. Petrobras experts estimate that the new U.S. regulation could cause Brazilian fuel exports to drop to 25,000 cubic meters per month.

In 1993, Brazil exported at least 12 times more than that, with a value of $285 million. The government believes it would have to invest just about the same amount—nearly $300 million—to make Brazilian gasoline conform to the requirements of the U.S. regulation.

The regulation is part of a U.S. law known as the Clean Air Act, the objective of which is to improve, beginning this year, the quality of the gasoline used in the United States with a view to reducing pollution levels. Brazilian gasoline is considered to be dirty under the new standards. Before entering the country, Brazilian gasoline will have to be approved by the U.S. Environmental Protection Agency.

The Brazilian Government already announced at the WTO in Geneva that it will ask for bilateral consultations with the United States to complain about the U.S. law on fuels. Consultations are the first step before starting a dispute at the WTO. If no agreement is reached during these consultations, Brazil will ask the WTO to appoint a group of experts to determine which side is right.

Lampreia Comments on Cardoso's U.S. Visit, Expectations

PY0604001595 Rio de Janeiro O GLOBO in Portuguese 3 Apr 95 p 3

[Interview with Foreign Minister Luiz Felipe Lampreia by unidentified O GLOBO reporter; place and date not given]

[FBIS Translated Text] [O GLOBO] What can we expect from the upcoming presidential visit to the United States? Will it be different from the others?

[Lampreia] It will certainly be different. In our relations with the United States, we are experiencing a time that we have long not seen. Over the past 30 years, relations have been strongly polarized. There was excessive nearness and, I would say, subordination. There was a reflex position of stiffness as of the mid-1970's. Today we can speak about a third line: conscientious, respectful dialogue in all areas. Here are just two examples: We will sign an agreement with the United States in the area of narcotics, while they proposed to us a nuclear cooperation agreement. The latter will not be ready for the visit, but it is a major proposal.

[O GLOBO] The president this time will have more media coverage. Does he also want to impress U.S. public opinion?

[Lampreia] It will be a fine opportunity to show this side of Brazil 1995. The president will grant two television interviews and a joint interview with the U.S. President, and will converse with editors, journalists, and all sorts of news makers [preceding two words in English]. The president is familiar with English and with international affairs. He will take advantage of all opportunities.

[O GLOBO] Will Brazil agree to that nuclear cooperation proposal? Won't it be a way for the United States to keep abreast of what we are doing?

[Lampreia] We have not yet studied the proposal. It is a peaceful cooperation proposal, and we have nothing to conceal. We have a transparent attitude. We are subject to comprehensive international control measures in the nuclear area.

[O GLOBO] Will the lack of a patent law cause a commotion during the visit?

[Lampreia] The lack of a patent law will cause no commotion. The lack of progress in that area might cause difficulties for the visit. The law is not expected to be approved before mid-April, but if no progress is made, this can be considerd a negative fact that could result in the consequences provided for in U.S. law.

[O GLOBO] Does that mean commercial retaliation?

[Lampreia] Not immediately, but in the final analysis it does.

[O GLOBO] Is it feasible to create a free-trade zone throughout the continent by 2005?

[Lampreia] This idea should be carefully considered. It is not a bad idea, yet we cannot expect it to operate automatically. Our deadline for completing negotiations expires in 2005, but this does not mean that the next day we will have a free-trade zone.

[O GLOBO] Is our project to have a permanent position on the UN Security Council still alive?

[Lampreia] It is, yet the main factor that remains alive is the main foreign policy objective of President Fernando Henrique Cardoso's government: To increase the importance of Brazil's voice, influence, and role in the forums where major international decisions are made. Brazil currently is not sufficiently represented in those forums. The UN Security Council has a political-military

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emphasis. Brazil has economic, commercial, and financial aspirations. But we want to have more influence.

Minister Outlines Constitutional Labor Reform Proposal

PY0604014695 Rio de Janeiro O GLOBO in Portuguese 2 Apr 95 Pp 60, 61

[Interview with Labor Minister Paulo Paiva by Leise Taveira and Silvia Faria; place and date not given]

[FBIS Translated Text] [O GLOBO] What are the constitutional changes proposed by the government in labor-management relations?

[Paiva] Brazil consolidated its labor-management relations in the 1930's, when the country had an exporting agricultural sector that supported an urban industrial sector. From the viewpoint of unions, the model imposed the federative, unified structure, coupled with strong state intervention. We must change this model. We must introduce independence, union freedom, broad and free negotiations, and the universalization of rights.

[O GLOBO] How will this change be introduced?

[Paiva] We must change the present Constitution. It retained the center of that model, which is provided for in the CLT [Consolidated Labor Laws]. We have gone in the opposite direction to all that happened after World War II. Some European countries, and in Latin America, in Argentina—which was inspired by the [former Brazilian President Getulio] Vargas era—have managed to progress.

[O GLOBO] Do you want to eliminate Constitutional provisions regulating labor-management relations?

[Paiva] Yes. There must be specific legislation. Instead of designing a Constitutional floor for labor-management relations, we chose a ceiling with details that have stiffened such relations.

[O GLOBO] What about the new capital-labor relations?

[Paiva] We intend to guarantee union independence and freedom. This means replacing the system in which all conflicts are settled within labor courts, with the negotiating table between workers and employers, through collective bargaining contracts.

[O GLOBO] What will be the role of labor courts?

[Paiva] To take care of legal, rather than regulatory issues. Conflicts will be settled by interested parties, with less state intervention.

[O GLOBO] The biggest problem for implementing collective bargaining contracts seems to be the disagreement between national jurisdiction—in which negotiations are valid for the entire country—and regional jurisdiction. What do you advocate?

[Paiva] I believe decentralization should prevail. Some guidelines may be valid nationwide, but it is better to have regional jurisdiction. Only the CUT [Sole Workers Center] advocates national jurisdiction.

[O GLOBO] When will those proposals be submitted to Congress?

[Paiva] After a long debate with society. There are many projects with which we will work. Yet we cannot make sudden changes without a transition process.

[O GLOBO] The proposals are long-term. What will be the government salary policy as of June, after the expiry of the IPC-R [Consumer Price Index-Real]?

[Paiva] No final proposal has yet been specified. It is impossible to imagine a salary policy outside the logic of the macroeconomic policy. The government's main concern is to avoid any indexation mechanism, like the trigger clause.

[O GLOBO] Does the government intend to maintain the real value of salaries?

[Paiva] It would be an illusion to imagine fixing the real value of salaries. The salary policy can only fix the nominal value of salaries. We have had indexation mechanisms that have never guaranteed the real value of salaries.

[O GLOBO] What will then be the parameter for adjusting salaries?

[Paiva] In principle, with the current inflation rate levels, it is not necessary to have an index. It is too early for such decisions. The IPC-R will be valid until June.

[O GLOBO] Collective agreement renewal dates of strong groups, like metalworkers, fall in April. Could there be a precedent that will make unfeasible a future deindexation proposal?

[Paiva] That could happen, but if the government anticipates a proposal, expectations could harm stability. Price levels, nominal salaries, and employment are important variables for any salary policy. If salaries rise, prices also rise and employment falls. Indexation is much more closely related to the timing of macroeconomic deindexation than to the guarantee to maintain the real value of salaries.

[O GLOBO] How does the government intend to conduct the issue of workers' sharing profits?

[Paiva] I am very optimistic about the effort being made to give workers a share of enterprise profits. The project, which was designed by the then Senator Fernando Henrique Cardoso, was edited with modifications in 1994 by President Itamar Franco, through a provisional measure. The proposal is compatible with the changes in the labor market, and with the introduction of programs like that

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of total quality. The government will reedit the provisional measure until Congress decides to study the project.

Government Using FSE Resources To Pay Bureaucratic Expenses

PY0604023795 Rio de Janeiro O GLOBO in Portuguese 4 Apr 95 p 1

[FBIS Translated Text] The government has been using resources of the Social Emergency Fund (FSE)—which was established to finance investment programs in the areas of the education, health, social security, as well as "other programs of relevant economic and social interest"—to pay for bureaucratic expenditures of ministries and even of the Presidency of the Republic. In the first three months of Fernando Henrique Cardoso's administration, the government's administrative machinery spent 4.7 billion reals [R] and has committed R14.1 billion more from the FSE. The fund has been used by Planalto Palace to purchase fabrics, clocks, decoration expenses, to cast emblems of the Brazilian Republic, and even to change a video cassette recorder to another system. Minister Bresser Pereira picked up a tab of nearly R1,000 last week for the lunch he offered for David Osborne, President Bill Clinton's adviser, when he learned it was to be paid with FSE resources.

Senate President Seeks To Limit Provisional Measures

PY0404164695 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Apr 95 p A4

[FBIS Translated Text] Brasilia—Brazilians, the man with the moustache is back. Exactly five years after leaving Planalto Palace with the country experiencing a monthly inflation rate of 84 percent, Senator Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa] is preparing to exercise power again. As president of the Senate and of Congress, Sarney has scheduled an overwhelming pace of voting sessions that should completely clear the backlog of issues on the agenda by no later than a month. From then onk, Congress will have an excellent chance of checking on the executive branch by passing laws and closely supervising Planalto Palace's provisional measures.

Sarney, who was president of the Republic when the Cruzado Plan was adopted, said: "Congress will soon be passing laws, something that new generations have yet to see." Sarney's reasoning is simple: Because its agenda has been bogged down by presidential vetoes and provisional measures for more than two years, Congress has managed to vote only on those issues of interest to the government. He said: "We are going to put an end to that."

On 30 March each congressman received a form containing multiple choices that looked more like a college entry examination. By writing "yes," "no," or "I abstain," in the appropriate boxes, deputies and senators decided on 63 presidential vetoes that had been awaiting a decision since 1990; that is, since the Fernando Collor administration. "It was like putting them before a firing squad," Sarney said, referring to the elimination of a number of vetoes and provisional measures. Under Sarney's tenure, Congress has already settled 19 vetoes by mutual agreement and 28 provisional measures that had been reissued several times.

It is expected that all the backlog will be cleared by May, when Congress will convene on Wednesday nights and Thursday mornings. Planalto Palace has already acknowledged the message: It will have to exercise greater care in issuing provisional measures, which would otherwise be rejected or radically changed, within the constitutional term of a month and without the right of reissuing them. Deputy Inocencio Oliveira (Pernambuco), the Liberal Front Party leader in the Chamber of Deputies, said: "The mvH?n Congress is no longer favorable to being showered with provisional measures."

As soon as the backlog is cleared, the first proposal to be considered will be one that limits the issuance of provisional measures. In the best of circumstances, the government will be entitled to reissue a provisional measure only once. Proportionally, Sarney was the president of the Republic who issued fewest provisional measures. Still, Sarney issued 150 provisional measures in less than two years. He is now seeking to deny this right to President Fernando Henrique Cardoso, and he is likely to succeed.

PMDB Submits Tax Reform Proposal to Congress

PY0504153795 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 5 Apr 95

[FBIS Translated Text] Moving ahead of the government, the Brazilian Democratic Movement Party [PMDB] yesterday submitted to the speaker of the Chamber of Deputies, Luis Eduardo Magalhaes, a tax reform proposal that eliminates all of the current taxes and creates six new ones.

Deputy Luis Roberto Ponte of Rio Grande do Sul, who drafted the PMDB tax reform proposal, submitted it yesterday to speaker Magalhaes. Congress is thus now one step ahead of the government, which has not yet submitted its tax proposal.

Deputy Ponte said that the PMDB seeks to discuss the issue in detail. The proposal eliminates the 56 current taxes and creates six new ones. The proposal states that all taxes should be collected at the source at which they are generated.

The new proposed taxes are: selective tax on fuels, telephones, electricity, beverages, cars, and cigarettes; foreign trade tax; real estate tax; financial operations tax; consumption tax; and income tax; as well as a contribution by employers to finance the social security program.

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Other parties—namely the Workers Party and the Liberal Front Party—have also proposed alternatives.

Proposals for Public Administration Area Reform Viewed

PY0604030895 Rio de Janeiro O GLOBO in Portuguese 2 Apr 95 p 3

[Unattributed article highlighting government proposals for constitutional amendments to modify federal administration area]

[FBIS Translated Text] Public service area: What the government wants to change in the Constitution. The measures introduced are:

- More flexibility in job security rules. Article 41 of the Constitution, which deals with job security, would be transferred to the Temporary Regulations Chapter of the Constitution, after some changes like: a) public employees hired after admittance contests will only achieve job security after five years employment (not after two years, as occurs currently); b) public employees with federal service careers, which will be defined in a supplementary law, will have job security but will not have the right to strike (diplomats, judges, police inspectors, and government inspectors will be included in this group, as will the military).

- "Reasonability" and "effectiveness." These would be included among the principles of direct administrations, foundations, and autonomous government organizations of any of the three government branches, as contemplated in Article 37. By including "reasonability" in the constitutional provision, the government creates the possibility of punishing, for example, a public manager who adopts a decision contrary to the interests of the federal government. The principle of "effectiveness" would allow the government to sign administrative contracts with administrations, foundations, and autonomous government organizations.

- Authority for the federal government to hire public employees through selective processes, including tests, and no longer exclusively through contests. This new provision would be included in Item II of Article 37 of the Constitution which, in the current text, only allows public employees to be hired through a large number of public contests.

- A new text for Item III of Article 37 of the Constitution will make it possible for public employees to be promoted through internal contests. Currently, public employees can only be promoted through a new public contest.

- Two provisions, which will be added to Article 37, will establish that no public employee paid by the federal government—no matter what government branch—may receive a salary higher than that of the president of the Republic. The current Constitution allows some employees to make more than the president of the Republic. Until last December, for example, the Federal Supreme Court (STF) justices and the government's attorney general earned more than the president of the Republic.

- A provision determining that the percentage for readjustment of the salaries of the civilian and military public employees, of the three government branches, can only be established through laws. The provision will be included in Article 37 and will grant the president of the Republic and state governors the right to veto this percentage if the legislative and judicial branches establish readjustments that are deemed abusive by the executive branch.

- Another provision, which will be added to Article 37, will end equivalence in the salaries of employees who hold positions of similar ranks in any of the three government branches.

- Another provision will empower indirect administrations to sign management and control contracts through legislative mediation. They will thus have managerial and financial autonomy, as well as the power to hire personnel through selective processes.

- The expression "salary equalization for similar executive, legislative, and judicial branch positions" will be transferred from Article 39's only paragraph to the chapter on Temporary Regulations. To replace this paragraph, the government plans to include in the constitutional text its philosophy about public service careers and position cadres. The government thus wants to show public employees that it plans to professionalize the area.

- The government also wants to include in the Temporary Regulations an administrative decentralization provision. The government will thus transfer personnel and assets to state and county governments. This will be ruled through a supplementary law.

What is eliminated

- The right of public employees to freely become members of unions would be eliminated from the Constitution (Article 37, Item VI). This will be dealt with in specific laws about labor unions.

- The right to strike would also be eliminated from the Constitution (Article 37, Item VII). This would be ruled later on through a supplementary law.

- The collective agreement renewal date, that is, the mandatory revision of salaries of all civilian and military public employees on a same date (Article 38, Item X).

- Identical earnings for retired and active public employees. Salaries paid to retired public employees who held elective posts will not be equal to those paid to employees still occupying similar positions. This benefit is currently ensured by the article [not further identified], Item V, which would be suppressed. The proposal directly refers to former deputies, senators, governors, presidents and vice presidents, mayors, and municipal

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councilmen who receive pensions equivalent to the salary of those who hold similar positions and are still on active service.

- The "cascade effect" of salaries among judicial branch members. Through Article 93, Item V, the salaries of court judges is linked to the salaries of the STF justices. The Constitution establishes that the difference in the salary of a judicial branch member and that of another with a higher level cannot surpass 10 percent. Whenever the STF justices readjust their salaries, all the judges in the country have a similar increase. This provision would be eliminated from the Constitutional text.

- Salary equalization for career police inspectors regarding other judicial branch employees, such as federal attorneys. The government proposal contemplates the suppression of Article 241 of the Constitution. Equalization would also end for career lawyers and public prosecutors through the elimination of Article 135.

Commentator Views Opposition Strategy Against Reforms

PY0404231195 Rio de Janeiro JORNAL DO BRASIL in Portuguese 2 Apr 93 p 5

[By Sonia Carneiro]

[FBIS Translated Text] Brasilia—Backed by the massive support for the Real Plan, President Fernando Henrique Cardoso began his government without opposition. Three months later, the controversial content of the reforms, the lack of political coordination, the excessive number of provisional measures, the exchange rate problems involving the real, and the delay in filling second-level executive branch positions have allowed opposition parties and popular movements to coordinate their action. In addition, dissatisfied lawmakers have played a decisive role. "The government has grown old," says PT [Workers Party] Deputy for Bahia Jacques Wagner, the PT leader in the Chamber of Deputies.

Six parties make up the opposition bloc in the Chamber of Deputies, accounting for 111 of the 513 deputies: PT (33), PDT [Democratic Labor Party] (49), PC do B [Communist Party of Brazil] (10), PV [Vanguard Party] (1), and PSB-PMN [Brazilian Socialist Party-National Mobilization Party] (18). Yet the opposition does not intend to strike in the dark. In the end, despite everything, the Real Plan has still been successful and has led historical opposition members like Pernambuco Governor Miguel Arraes (PSB) to react cautiously to the proposal to create anti- reform fronts. Furthermore, the opposition itself is not strongly united. In defense of the reforms, the PPS [Popular Socialist Party], with three deputies, withdrew from the opposition bloc, as was reported in the speech that Senator for Pernambuco Roberto Freire delivered on 31 March. "The PPS is not engaged in the coordinated action against the reforms," PPS Deputy for Rio de Janeiro Sergio Arouca—the party leader in the Chamber of Deputies—has said. "Our trend is to support the government."

No Radical Positions—The slogan is to avoid radical positions in order to make alliances feasible. There is no longer a systematic opposition. For example, there is an open attitude toward negotiation over the flexibility of monopolies. The first meeting in search for alignment of opposition sectors and allies who are dissatisfied with the reform is being scheduled for this week. "There is no opposition to the government but to the amendments," says PDT Deputy for Rio Janeiro Miro Teixeira, the PDT leader in the Chamber of Deputies. Teixeira has operated as coordinator of a pact between PDT President Leonel Brizola, PT President Luiz Inacio Lula da Silva, and Pernambuco Governor Miguel Arraes.

Miro admits that it is difficult to unite everyone in a single bloc. The strategy is to add, after each amendment, dissatisfied allies and opposition sectors. Resistance concentrates on fronts of lawmakers, which are created whenever the government submits a proposal. Many pro-government lawmakers will vote for the end of monopolies, but do not agree to the termination of the seniority retirement system, says PPR [Progressive Renewal Party] Deputy for Sao Paulo Arnaldo Faria de Sa. Faria de Sa is the coordinator of the Congressional Front for the Defense of the Social Security System, which was created with the signatures of 250 lawmakers of all parties.

Banner—Opposition sectors are striving to wave the banner of government reforms. "We also want the reforms," Miro says. For this reason, the movement of contras (which prevented the reform of the Constitution in 1994) was not brought back to life. Says PMDB [Brazilian Democratic Movement Party] Deputy for Sao Paulo Michel Temer, the PMDB leader in the Chamber of Deputies: "The reforms will be approved but only with the features admitted by Congress."

The only government-sponsored amendment that opposition sectors have agreed to support without modifications is the lifing of bank secrecy for social security debtors. The possibility of creating alliances is so broad that, in the case of the social security system, the PPR is on good terms with the PT, Wagner says. For this reason, the government's main concern is to prevent the pact of PT, PDT, PSB, and PC do B presidents from attracting dissatisfied members of the PP [Popular Party], PTB, and PL [Liberal Party], in addition to dissatisfied lawmakers of the PMDB, PSDB [Brazilian Social Democracy Party], and even of the PFL [Liberal Front Party], in which there has been reaction against the reforms. "I will in no way vote for the end of the petroleum monopoly," Senator for Bahia Josapath Marinho has said.

Opposition lawmakers and members of the PSDB—the president's party—have held secret meetings. More than 30 percent of PTB bloc members disagree with the termination of the coastal navigation market closure and with the social security reform, while 70 percent of PL,

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PP, and PPR lawmakers will agree to the reforms—especially the social security reform—but only with modifications.

Army Patrols Mark Beginning of Operation Rio-2

PY0404131395 Sao Paulo AGENCIA ESTADO in Portuguese 2250 GMT 3 Apr 95

[Report by Happy Carvalho and Claudio Renato]

[FBIS Translated Text] Rio de Janeiro, 3 Apr (AE)—Colonel Ivan Cardozo, Eastern Military Command (CML) spokesman, today confirmed that Operation Rio-2 has already begun in the capital and in greater Rio de Janeiro, with troops carrying out operations in Niteroi District, one of the main escape routes for drug traffickers and smugglers in the state.

Col. Cardozo denied there was any problem with the operation, alleging that the action plans will be ready today, and the military units will go into action as soon as they receive orders from the central command. Late in the afternoon yesterday the Army soldiers also began to patrol downtown, Humaita, and Botafogo Districts.

According to Col. Cardozo, the patrol troops began to move early in the afternoon. "The patrols are being carried out in jeeps and trucks with armed soldiers, the objective of which is to mark their presence in the city," the colonel said. The Military Police began patrolling the mountainous area of Friburgo, Sumidouro, and Duas Barras.

The operation in Teresopolis and Petropolis was carried out jointly by the 32d Mechanized Infantry Battalion and the 26th Military Police Battalion.

Chile

Opposition Proposes Framework Agreement

PY0604013295 Santiago EL MERCURIO in Spanish 22 Mar 95 p C5

[FBIS Translated Text] On 21 March the pact Union for Chile officially submitted to the government its proposal regarding a five-point framework agreement.

In this regard, Jovino Novoa, president of the Independent Democratic Union [UDI], disclosed an "open letter" addressed to President Eduardo Frei, which was also signed by Andres Allamand, president of the National Renewal [RN], and Jorge Concha, vice president of the Progressive Center-Center Union [UCCP].

The opposition group expressed its willingness to seek agreements with the government within 45 days "on pending issues," beginning with five priority areas where it is possible to reach quick agreements, such as sanitation, infrastructure, health, copper production, and municipal administration.

The center-right bloc recalled the president's speech read on 21 May 1994, in which he expressed his conviction that Chile has "a great historic opportunity," and pointed out its agreement on the need to move from the transition to the reforms.

According to the opposition, however, it is obvious that for various reasons there is poorer and less progress than the announcements and expectations of the government would lead one to expect.

The opposition emphasized that this is the result of the lack of support on the part of the Coalition of Parties for Democracy for the initiatives of its own government.

The opposition explained this point by giving an example of the stagnation of the reform proposals, such as the "position of the Socialist Party and the Christian Democratic Party [PDC] openly rejecting the proposal on health, which was thoroughly studied for months at the highest levels of the administration."

Yesterday, PDC President Alejandro Foxley accepted the opposition's initiative for a framework agreement but he also said the initiative should include issues that are of interest to the government, such as private banks' debt with the central bank and institutional changes.

Deputy Andres Allamand said there are four principles that must be taken into account when talking about reforms, and the first is to have the private sector become more involved in solving social problems.

The other principles are: strengthening control tasks and the state's normative role, the establishment of goals and greater openness in rendering public services, and conditioning the increase in earnings upon performance and productivity.

Allamand said: "Here we have four solid principles with which to face the changes, so it is a farce to say that we only deal with privatization issues."

Concerning the feasibility of the initiative submitted by his sector, Allamand said that the essential responsibility of a government is to carry out the tasks required for and by the country, "and so we are reasonably optimistic that the government will certify this proposal."

When asked whether the opposition is not imposing guidelines on the government, Allamand said: "On the contrary; the government has no guidelines because when it tries to take a step in one direction, the ruling parties block the way."

UDI President Jovino Novoa said that the proposal was addressed to the government because it must make a political decision of promoting a given project.

He said: "If it does have an understanding with us on these five issues, it is obvious that things will be feasible in Congress."

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UCCP Vice President Jorge Concha expressed his optimism concerning the proposal and its acceptance by the government, arguing that "I view as an achievement the fact that the pact Union for Chile will make its positions more flexible, trying to reach agreements with the executive branch in areas that need quick solutions."

Concerning the position of the government and of the coalition to establish a regulatory framework before discussing the inclusion of the private sector into companies of the sanitation area—one of the initiatives of the center-right submitted to the government—Andres Allamand explained that the problem is not one of a regulatory nature, but political.

He said that such regulation must encourage investments to solve problems. He said the regulatory framework already exists, but in his judgment, it does not mean that it can be improved.

Christian Democratic Party President Alejandro Foxley has positively praised the proposal made by UDI and RN presidents Jovino Novoa and Andres Allamand to reach a framework agreement on five issues with the government, but added that such an agreement, to be valid, should not be unilateral and should also include matters that are in the interest of the executive branch and the coalition.

Among these aspects, the PDC president mentioned a solution of the banks' debt to the central bank, municipal reform, and the modernization of the political system, which will include the modification of the Constitutional Court, and the end of the designated senators.

"Let us not just talk, but rather reach agreements that are in the interest of all sectors," the PDC president said. He said that his group will always be ready to reach an agreement with the opposition, but perhaps agreements will not be reached only on privatization, which apparently was the only thing that was in the interest of the right.

Foxley said that since the right has suggested some subjects, the PDC would also like to include others, such as, for instance, the banks' subordinated debt, a topic "on which, unfortunately, the right so far has not been in a position to make a proposal that will meet the minimum requirements the country expects concerning the banks' debts," namely, to protect the central bank's equity.

In the same manner, Foxley said that another subject to be included on the agenda is the municipal reform, because it is something that must be done urgently. On that matter, he said that they should be able to reach an agreement with the opposition even before the draft bills are submitted to Congress, on a formula that might improve the current election system of mayors and councilmen.

He said that concerning infrastructure, he sees no problem in reaching an agreement with the opposition that will allow improvement of the law on concessions, and that, concerning the great copper mines, the PDC is in favor of implementing a policy in line with that suggested by the government and the Copper Corporation (Codelco).

He added, however, that the fact that some congressmen of the opposition have made some petitions in advance does not help to achieve a climate of accord. He said: "Frankly, we think that it is not very serious, but rather very trivial," to ask for the resignation of Codelco's executive officials because apparently there would be no agreement on the decentralization of the company's divisions.

According to Foxley, another subject that must be included on the agenda is the modernization of the political system, because the country cannot continue with an archaic structure in which there is a fully democratic segment of the political apparatus, and yet in the middle there are some elements that, frankly, are just the remains of the military regime, such as the Constitutional Court and the institution of designated senators.

The PDC president added that government parties must be included so that genuine discussions can be held.

Foxley concluded by saying that the PDC is willing to reactivate a policy of seeking agreements with any sector that is interested in conducting a program of changes in the country, and that in this sense his party considers positive the sign the opposition parties are giving with this proposal.

First National Drug Abuse Survey Results

95WD0236A Santiago EL MERCURIO in Spanish 11 Mar 95 pp A1, A21—FOR OFFICIAL USE ONLY

[FBIS Translated Text] Over 800,000 Chileans admit to having used drugs at least once in their life, and of them, at least 50,000 are addicts, according to the results of the first national drug abuse survey conducted by CONACE [National Drug Control Council], which the government released yesterday.

The survey questioned 8,271 persons in the nation's 13 regions. It shows that the highest levels of drug use were reported among people in the highest socioeconomic levels.

In addition, it reveals that a large quantity of cocaine base is used in northern Chile, in contrast with the situation reported in the southern regions.

The situation was termed "serious and disturbing" by Interior Minister Belisario Velasco, though he said the Chilean institutional system is still not endangered by the impact of drug trafficking.

He announced specific measures to combat this phenomenon, including the investment of 5 billion pesos in prevention and rehabilitation programs during 1995.

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The survey's release concludes a process of over two years spent in preparing the survey; it was conducted last November and December, and the field data acquisition was done by the CERC [Center for Contemporary Reality Studies].

The survey director, psychiatrist Ricardo Fuentealba, told EL MERCURIO that the validity of the data is outstanding; he said that efforts were made to keep sampling errors to a minimum.

The director of the FPC [Civic Peace Foundation], Maria Pia Guzman, and youth leader Felipe Guevara expressed certain misgivings about the results, in light of a recent school survey conducted by the FPC, while opposition senators voiced concerns about the level of drug use.

CONACE Meeting

The preliminary results of the survey, the largest of this type ever conducted in Latin America, were released immediately after the meeting of the National Drug Control Council in La Moneda Palace; the meeting was chaired by Chile's Vice President Carlos Figueroa.

While the authorities realize that many people will not admit using drugs, thus the problem may be even greater, Belisario Velasco said that the study gives the government a sure and scientific basis for dealing with this scourge.

The interior minister repeated that this year 5 billion pesos have been earmarked for the 13 recently established CORECE's [Regional Anti-Drug Councils]. These funds are to be used for antidrug programs, beginning at the start of the second half of 1995.

Of these resources, 1.75 billion pesos have been allocated for Santiago. These funds will be earmarked primarily for preventive programs, in accordance with a decision made by the governor with all the municipalities of the region.

In addition, the United Nations has approved resources for two prevention projects: a $500,000 project especially for Chile, and another regional project for Argentina, Peru, and Bolivia. A total of $1.5 billion has been allocated for this project, which is to begin soon.

Belisario Velasco termed this action highly significant, as these countries include some of the world's principal coca producers.

Border Controls

The government has announced the intensification of border controls, both land and maritime, especially in northern Chile, as this is the point of entry used by drug traffickers. Not only will customs be monitored, but so will mountain passes that are used for this traffic.

As a special measure, two compulsory checkpoints will be established for vehicles coming from the north, as police investigations show that 85 percent of the cocaine and cocaine base reaching central and southern Chile comes via this route.

The first checkpoint will be located near Caldera, and the second in Paipote, near the Santa Teresita Sanctuary.

"With these two checkpoints, no vehicle will be able to travel to the south without being properly inspected," Belisario Velasco said. To keep other roads from being used, there will be night inspections and daily patrols.

He added that other projects are in the planning stages. He was unwilling to discuss these projects, so as not to alert drug traffickers.

At the instruction of President Eduardo Frei of Chile, the Executive Department of CONACE has been given special authority to coordinate the actions of all organizations involved in antidrug programs, "including police actions in this area," he stated.

Belisaio Velasco emphasized the contributions made by numerous members of parliament, who have submitted various bills for study by the council's attorneys and by the Ministry of Justice, some of which are going to be sponsored by the executive.

"Chile is not in the class of countries whose institutional system is in danger. We have a serious and disturbing situation, but we are taking action in good time so that the measures we take will be effective," insisted Velasco; he called on all sectors of society to become aware of the reality of drugs.

He made a special appeal to youth leaders to serve as role models for Chilean young people, an area in which they are also working with coaches and athletic directors.

The minister said that while the survey's results did not surprise the government, he acknowledged that they were slightly higher than expected. In any event, the executive has continual access to police and security organization records that give approximate indications of the level of drug use.

Results

The survey population included people from the ages of 12 to 64 living in cities of 50,000 or more inhabitants; Coyhaique was included so that all regions of the country could be studied. This is a population of 6,186,528 people: 79 percent of the urban population in that age group.

The theoretical sample was composed of 10,544 households, of which it was actually possible to survey 8,271.

Based on the results, 13.4 percent of those surveyed admitted having tried marijuana, cocaine base, or cocaine at some time in their lives. This represents a population of 830,248 people.

The highest drug use levels were reported in the highest socioeconomic brackets, especially for marijuana (21.1

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percent) and cocaine (3.2 percent). Lower income groups were the primary users of cocaine base (3.2).

Marijuana (12.9 percent) is the drug most prevalent in the Chilean market, followed by cocaine (2.4 percent), and cocaine base (2.0 percent). However, the results of different drug use categories cannot be added together, as people frequently use more than one type of drug.

The survey also demonstrated that the drug traffickers' strongest market is young people and young adults between the ages of 19 to 34. Moreover, men use drugs more than women, by a three-to-one proportion.

The percentage of people surveyed who admitted having used one or more of these illegal substances during the month preceding the survey was two percent. A special scale to measure their degree of drug dependency was applied only to these people.

Of this group, the results showed that 40.8 percent met the international criteria for dependency: that is, at least 51,003 Chileans are drug dependent.

Separated into categories, 44,632 persons were marijuana addicts; 9,904 were addicted to cocaine base; and 7,538 to cocaine. These figures cannot be totaled, as many of those polled are addicted to more than one of these substances.

As has been reported on other occasions, cocaine base causes the highest levels of drug dependency. The survey shows that 48.5 percent of its users are addicted.

The results by geographic area show the highest levels of drug use, especially of marijuana, in the Metropolitan Region. In the great north region the major problem is cocaine base, where its use greatly exceeds usage in the rest of the country. The highest levels of cocaine consumption, by percentage, were reported in the little north area.

Both the Southern and Austral Regions reported lower results, especially of cocaine base use.

This substance presents an interesting phenomenon, as its use declines significantly when moving farther from the northern area of Chile.

Action Plans

To promote the preventive work of the National Drug Control Council, the government has taken a number of steps.

Of the resources provided by the executive, 4 billion pesos will be allocated to the CORECE's for a series of preventive programs, thus dealing with the antidrug program in a decentralized manner.

In addition, the Ministries of Education and Health, the Secretariat of Government, the Ministry of Justice, and the National Youth Institute will have 1 billion pesos for prevention, treatment, and rehabilitation programs under the coordination of the National Drug Control Council.

The United Nations funding will be used for specific training programs, for the preparation of educational materials, and for the generation of a National Drug Use Measurement Standardized System.

One concern of the authorities will be to foster active contacts with municipalities, citizens groups, and social organizations, by working through the CORECE's.

The government also announced that the Regional Councils will have access to the data base of the Executive Department of CONACE, enabling them to exchange and transfer specialized information on drug use prevention.

In order to strengthen CONACE's work, special authority has been given to its Executive Department, which will be permanent in nature, and which will be directed by the undersecretary of the interior. This will make it possible to deal with this problem in the best possible way and to coordinate the government's overall response.

Finally, in accordance with the recently passed Law No. 19,366, the Department for the Control of Illicit Drug Trafficking is being created to handle the functions that the law assigns to the State Defense Council concerning the crime of money laundering.

Colombia

Pastrana-Samper Feud Elicits Mixed Reactions

PA0504143195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 5 Apr 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Not only is there a conflict between the Liberal Party [PL] Government and the House of Pastrana behind the crisis, but a deep division within the Conservative Party. If we base ourselves on the statements by members of that party, the Pastranas are on their own.

[Begin recording] [Senator Roberto Gerlein Echaverria] The daily all-out, very harsh remarks by the Pastrana House newspaper against the government called for a government statement. One might say the ministers took too long to respond.

[Senator Carlos Martinez] The unwarranted lack of respect by LA PRENSA against the dignity of the chief of state should not have been answered with a similar lack of respect for the dignity of a former president.

[Senator Fabio Valencia Cossio] I do not agree with LA PRENSA's publication. I believe that the president, who represents the whole nation, should be respected. We cannot mock Colombia's image abroad.

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[Senator Jaime Arias Ramirez] President Pastrana is quite strong within the Conservative Party and we cannot say that the Conservative Party should ignore what happens to him. I hope this will be resolved positively, but I must accept that today's events worsen the relations between the party and the government. [end recording]

Economic Minister on Ties With Venezuela

PA0504231395 Caracas EL NACIONAL in Spanish 2 Apr 95 p E-1

[Interview with Colombian Economic Development Minister Rodrigo Marin Bernal by EL NACIONAL reporters Argenis Martinez, William Becerra, Elias Garcia Navas, and Adriana Cortes in Caracas; date not given]

[FBIS Translated Text] [EL NACIONAL] How do you assess the guerrillas' attitude and the conflicts they have provoked between Colombia and Venezuela?

[Marin Bernal] The two countries have an undeniable right to defend their territory at the border. The two presidents have admitted this. There is always the possibility of holding direct talks at the highest level. Meetings held between the defense and foreign ministers have shown that both governments, as well as new participants in this process, the private sector, are willing to leave behind the tensions that inevitably result from incidents of this nature. We know that guerrilla activities have increased in Colombia during the past few years despite the firm desire shown by the various governments to solve the armed conflict.

[EL NACIONAL] We are talking about a recent problem...

[Marin Bernal] The border covers 2,400 km, inhabited by citizens from both countries who live in a social environment that is showing signs of deterioration on both sides of the border. It is not always possible to solve their problems. I would say in a constructive spirit that despite its terrible consequences, the Cararabo incident was a warning to the governments of both countries. Both countries should continue working in harmony, as they have been, not only to defend the border from the attacks by irresponsible guerrillas, but also to defend at all costs the processes in which both nations are engaged.

[EL NACIONAL] The people who live on the border have complained about the lack of social and economic support. The alternative of multinational Andean enterprises has not been explored much...

[Marin Bernal] That is precisely why I say that this regrettable guerrilla action, which has seriously harmed relations between the countries should be viewed as an opportunity to work according to existing plans. We must recognize that after the Urena Declaration in 1989 and the signing of the San Pedro Alejandrino Statement, a new concept of binational relations exists. The two countries have integrated not only to examine situations that caused conflicts, but also to seriously review situations that affect both countries, which can be improved. I am referring to immigration of workers, hydrographic basins, the transportation problem, and the vital subject of integration.

[EL NACIONAL] That has been a theory for many years...

[Marin Bernal] There is a vital point in integration, which is the development of the border area.

The Congress of the Republic is discussing a bill that seeks to establish the legal conditions for the Colombian and Venezuelan Governments to work together on projects of mutual interest in the border area. This would not only create a state-controlled service infrastructure but promote community development programs and create jobs.

[EL NACIONAL] Can that initiative materialize?

[Marin Bernal] It was a theory until 1989. We are correcting that, since we are no longer working with our backs turned, unaware of the situation. These are processes that are slow to implement and entail a marshaling of resources by the two states.

[EL NACIONAL] Can one have real hopes for the Samper government's peaceful intentions toward the guerrillas?

[Marin Bernal] All the strategies drawn up by different governments have been unsuccessful. President Samper first studied and subsequently combined them to create elements for drafting new strategies, or at least to work on an agreement with a major segment of the Colombian guerrillas.

[EL NACIONAL] There is an impasse between the iron and steel sectors of the two countries. Are there specific plans for creating complementary industrial process?

[Marin Bernal] With regard to the iron and steel sector, the situation reflects temporary phenomena. Relations in this area are marked by informal or contraband commerce, as all the interlocutors involved in the talks that have been place until now have acknowledged. The situation has of course had an impact on the levels of productive activity of the Colombian iron and steel sector and its capacity to generate jobs. I would prefer not to refer solely to some subsectors but to the overall nature of a commitment that the two countries have to consolidate spiritual and cultural integration and allow a true union based on that framework.

[EL NACIONAL] Has any novel solution been proposed in these past weeks?

[Marin Bernal] One of Colombia's proposals was to defend the complementary agreement signed a few years ago that included some forms of administering commerce, recognizing the situation of each one and

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adhering to the requirements to act in step with some common objectives. Venezuela's private sector, for reasons I respect, did not accept the demands by the Colombian private sector, and that is where we stand now.

[EL NACIONAL] In view of this disagreement among businessmen, is the alternative solution of resorting to measures included in the Andean Pact, such as the safeguard clause, a valid one?

[Marin Bernal] That is what the private sector has proposed. The Colombian Government is simply going to interpret the initiative based on the existing legal framework and will act in line with the legal provisions.

[EL NACIONAL] In what other economic sectors can we complement one another?

[Marin Bernal] We export to Venezuela textiles, clothes, and leather goods that are not produced here with the same level of competitiveness that this industrial subsector shows. We can also go beyond the industrial arena, to the capitals market, for example. Quite frankly, investment by each country in the other is unsatisfactory. Although the two countries have a broad and generous foreign investment system, no advantage has been taken of it at the binational level.

[EL NACIONAL] Perhaps this will change, because these past months Colombian capital has come to Venezuela, with purchase of CADA, Maxy's, and Banco Union...

[Marin Bernal] And we hope it stays that way, but Colombian investments in Venezuela should be more fluid. The level of investment is low; in fact, the level of Colombian investment in Venezuela is low. In 1993, Colombian investment in Venezuela totaled about $15 million, and Venezuelan investment in Colombia about $65 million. The figures are very low because they do not match the commitment by the two governments that goes beyond the establishment of the customs union.

[EL NACIONAL] Isn't Venezuela turning into an uncomfortable partner for Colombia? I mean because of the macroeconomic situation and the distortions it creates.

[Marin Bernal] Not at all. The long-term economy is what's at issue here. Lincoln used to say that the politician works for the next election and the statesman for the next generation. The problem in Venezuela is temporary and is translated into measures that hurt the integration system, such as the disparity of exchange policies, the existence of different price systems, the dearth of decisions that would make pesos and bolivares convertible, and difficulties in the process of complementing the capital market. These are facts that are hovering over the integration process but do not discourage it. Instead, they foster the political commitment by the two countries to overcome obstacles and try to solve the situation as soon as possible.

House of Representatives Begins De Greiff Investigations

PA0604044895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 6 Apr 95

[FBIS Translated Text] The House of Representatives Accusation Commission [Comision de Acusaciones] today opened five investigations of former Prosecutor General Gustavo de Greiff on several charges: breach of official duty by omission, and breach of official duty regarding several investigations requested by former presidential candidate Enrique Parejo Gonzalez.

The charges filed by Parejo Gonzalez deal with the following: 1. The acquittal of Danderis Munoz Mosquera, alias La Quica, for his alleged participation in the explosion aboard an Avianca airliner; 2. De Grieff's failure to disqualify himself in the Prosecutor General's Office investigation of the narcocassette case, even though his daughter, Monica de Greiff, worked in the involved political campaign; 3. Releasing and returning property to former police member Jose Orlando Henao, accused of illegal enrichment. Orlando Henao is also a brother-in-law of Jose Santacruz Londono; 4. Illegally releasing a member of the Costa Cartel; and 5. Issuing certificates to Cali Cartel kingpins Pacho Herrera and Juan Carlos Ramirez Abadia, who later used these documents as safe-conducts to flout the law.

Questioned by this station, De Greiff refused to go on camera but said that Parejo is completely wrong and that he will defend himself when he is summoned.

Ecuador

Spokesman Asks People To Disregard Fujimori Propaganda

PA0504163895 Quito Voz de los Andes in Spanish 2300 GMT 4 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Government Spokesman Enrique Proano has asked Ecuadoreans to not be baited by repeated provocations by president-candidate Fujimori, because Peru is going through its final week before elections, and it is obvious that a campaigning president will say anything to try and win votes.

He explained that it would be useless to try and reply to Fujimori's continuing contradictions: a president who is a confessed liar, who has hidden the truth from his own people, and who admits to have deceived Ecuador in order to strengthen himself domestically.

Proano said that the national government handles its communications with goals and strategies; thus Senacom [State Communications National Secretariat] is implementing a postconflict strategy that supports the ongoing process under the supervision of guarantor countries.

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The goal now is to support the separation of forces and the peace process in order to silence the guns, Enrique Proano said. That is why we have strategically changed the frequency of our reports, but we maintain a strategy of effective communications both at home as well as abroad. He pointed out that the information strategy is being permanently implemented in more than 400 communications reports, but it is necessary for Ecuadoreans to understand that work is intense and its rhythm is according to circumstances.

He asked Ecuadoreans not to be swept away by false rumors in the wake of an alleged wave of Peruvian information and stressed that while the presidential campaign continues anything can be expected from Mr. Fujimori. Nevertheless, Proano said that the country can rest easy because its main civilian and military institutions are still on the alert. We continuously monitor the Peruvian and international media, and we are working in complete coordination with the Defense and Foreign Relations Ministries to avoid committing any mistakes. The flow of news passes through the three offices before it reaches the public with truth and openness.

Government Describe Peaceful Attitude on Border

PA0604005395 Quito Voz de los Andes in Spanish 1700 GMT 4 Apr 95

[Official Press Bulletin No. 3 issued by Ecuador's MDN Liaison and Coordination Unit in the Protocol and Press Department and distributed by the National Communications Secretariat; from "The Voz Andes Newscast"]

[FBIS Translated Text] The Ground Operations Planning Department [Departamento de Planificacion de Operaciones del Teatro de Operaciones Terrestres] has affirmed: The necessary planning and coordination for using units, helicopters, and logistical supplies, which during the campaign required a big effort, has not ended. A new phase has begun as a result of operational changes and of the military command's attitude, which is to gradually and progressively restore peace.

The separation of forces requires careful planning. The supervision of this procedure is constant. Work is being carried out with military units so that they may be pulled out of the area by helicopters.

It is necessary to coordinate ground mobilization and plans for the consecutive arrival of aircraft, which must take place in alternating fashion because of the limitations of the heliports and severe weather conditions.

The pullout is taking place in an absolutely organized manner. Logistics must remain permanently, especially food and health supplies and other activities having to do with services aimed at reducing the adversity of the rugged environment and conditions.

The personnel's moral has always been maintained high. This is why efficiency has always been high.

There have been continuous visits by commanders, including from the highest levels, to guide, supervise, and evaluate the operations that have been implemented.

According to some commanders, the soldiers, who have made sacrifices of behalf of all the people to defend this soil, have mixed feelings about pulling back from a territory that because of respect for a cease-fire and for the sake of peace, must be placed under the custody of the observers' mission. This is what a tactical commander told us after urging his soldiers into exchanging the combat attitude for an attitude of unending watchfulness and security.

Paraguay

Editorial Examines Selection of New Supreme Court Justices

PY0404174395 Asuncion ABC COLOR in Spanish 4 Apr 95 p 12

[Editorial: "The Country Before a New Supreme Court"]

[FBIS Translated Text] The Senate yesterday formally designated new Supreme Court justices, although the real designations—as we learned—had been done before.

The Senate merely carried out the appropriate formalities for what was essentially a political decision, which included the detail that one of the Senate blocs had an option between two candidates. The decision left out—probably not because of bad luck—a candidate with a very vigorous personality and notorious merits: Horacio Gabriel Lebron.

The lesson derived from the process to nominate new Supreme Court justices is not pleasant. It stresses the fallacy of a supposed independence from political pressures or, at least, the numerous difficulties of carrying out—using the mechanism of the 1992 Constitution—an election to effectively choose "the best" candidates. Above all, this process stresses the clear conclusion that we are faced with a selection mechanism where in order to have a opportunity, a candidate must almost necessarily have adequate extracurricular assistance for the occasion. The few exceptions in the list of designated justices, such as the possible case of Geronimo Irala Burgos, and perhaps a few more, are only the exceptions that confirm the rule. Names as important as those of Alejandro Encina Marin, and others, were lost on the road to the Senate.

The new court—according to all appearances it will necessarily operate in three chambers [constitutional, penal, and civil]—has five members who are sympathetic to the Colorado Party, three who sympathize with the Authentic Radical Liberal Party [PLRA], and one who sympathizes with the Christian Democratic Party, Dr. Geronimo Irala Burgos. The Colorado Party might

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end up with a majority in the constitutional and penal chambers, and the PLRA with a majority in the civil chamber, which deals basically with civil and commercial cases.

This supposition does not change much when we consider the political-ideological inclinations of the designated justices. When we put party "colors" aside we see a court where center-left ideologies—a strong state role and a broadening of state powers—seem to predominate. This impression is particularly acute among the most probable members of the constitutional chamber.

The requisite of honorableness, on which the Council of Magistrates tried to concentrate, perhaps was not sufficiently weighed. This is insinuated by the rejections of Lebron and Encina Marin, and tends to be confirmed by support for the designation of some candidates—very few, we admit—who during their professional careers participated in cases that were never made very clear.

The singular fact illustrating the turn of events in the country was the rejection of the candidacy of current Defense Minister Hugo Estigarribia, apparently not for lack of merit, but simply as a consequence of a remark he made at an also singular occasion. In any case, in Paraguay we have not seen a defense minister losing an election, with or without reason, in many decades.

In sum, the nation will have a new Supreme Court that will probably do a good job fighting corruption in the Judicial Branch, but which has left us with some doubts in some aspects, and the impression that it was not the best Supreme Court possible.

Hails Designation of Justices

PY0504041595 Asuncion ULTIMA HORA in Spanish 4 Apr 95 p 16

[Editorial: "The Court That Rekindles Hope for the Rule of Law"]

[FBIS Translated Text] The appointment of new justices to the Supreme Court renews and consolidates this period of transition to democracy.

It renews this transitional stage by introducing a lasting and hard-won change, besides being in step with the institutionalization of our country following a model provided for by the Constitution.

And, above all, Paraguayans may now begin to trust in our country's justice system.

This is of utmost importance; it is comparable to a refounding of the Paraguayan Republic.

Moreover, it consolidates the transition to democracy in two central aspects—by finally establishing a new branch of government, which has thus far been put on the back burner, and by enabling a progression in the make-up of the Supreme Court, as most of the nominated justices constitute a guarantee of progress rather than of a setback.

Basing ourselves on the previous considerations, the majority vote in the Senate may be termed a significant contribution that has been instrumental in making our country overcome both the stalemate in negotiations and the risk of a retrogression.

Moreover, one must honestly acknowledge the important role political compromise played in achieving consensus in the upper chamber. Individual and collective actors have proven that they are able to work out a compromise agreement for the sake of the country's highest interests. They have thus contributed with their dose of good sense to steering the transition process toward its consolidation and governability.

The president of the Republic has undoubtedly played a most noteworthy role in all this. His contribution was crucial for surmounting the logjam in negotiations and finally realizing the formation of this new Supreme Court. He has made use of his constitutional powers with remarkable efficiency and, above all, with great generosity, well above selfish or partisan interests.

On this occasion, the head of state behaved as he should have—like the president of the Republic of all Paraguayans. He has thus gained a stature that we, as Paraguayans, had not seen in a long time.

This is the most salient milestone in this period of transition; acknowledging it is a duty.

The Supreme Court justices are well-known dignitaries who can greatly contribute to the historic recovery of confidence in the judiciary. They are honorable and able men.

The rule of law may—and must—now settle into the new court.

And the moral revival of our nation will become a feasible undertaking.

Its starting-point will be the recovery of the independence of the judiciary. Our nation's system of government is built on the separation of powers and the system of checks and balances between the three branches of government.

This moral reawakening will become a reality if the first rulings of the Supreme Court send a signal to the country that justice will be meted out equitably to all citizens. This will ensure a civilized transit to a rule of law, which the Paraguayans and foreigners who inhabit this land very much deserve.

Supreme Court Justices View Priorities

PY0504221095 Asuncion ABC COLOR in Spanish 4 Apr 95 pp 6, 7

[FBIS Translated Text] On these pages we give you the opinions and expectations of the new members of the

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Supreme Court. The new members promise to renew the judicial apparatus as soon as possible in order to place it at everyone's disposal. They expressed their satisfaction at being members of the revamped organization, and some of them indicated that the reform of the obsolete Penal Code is the top priority so that justice will reach everyone. Luis Lezcano Claude pointed out that he will resign his PLRA [Authentic Radical Liberal Party] membership so as not to cause any suspicion regarding his upcoming functions.

Paciello: We Need Fundamental Changes

Oscar Paciello has stated that critical reforms are needed in the Judicial Branch, and that these changes can be implemented with the new Supreme Court members. He indicated that for years now he has been working on the country's democratization process, and with his incorporation as a member of the Court, he will be able to implement his ideal of restructuring and consolidating the democratic process. He recalled that he had headed the College of Barristers during the dictatorship, and in that post he had already expressed his support for political reform. He had also been a Constituent Assembly member, and with the new government of transition, he had drafted the electoral law. "Thus, this is a good opportunity to make those ideals a reality. I have concrete ideas on how to reform the Judicial Branch, and I can appreciate the many fallibilities that will not be difficult to overcome if there is the will to do so.

Paredes: The Reforms Will Be Gradual

Felipe Santiago Paredes has indicated that the reforms in the Judicial Branch must be made gradually. He expressed his confidence that within a two-year period, the modifications regarding the judicial structure will be concluded. According to the new Supreme Court justice, the first thing the court has to do is to make an inventory in order to begin the serious work. He also indicated the urgency of counting on the law that will organize the new court in order to begin with the pertinent reforms. Regarding the other members, he stated that he knows of their capabilities and their competence regarding the post for which they were elected.

: "It Is Progress of the Democratic Process"

Wildo Rienzi Galeano, one of the Colorado Party representatives on the new Supreme Court, stated on 3 April that a good administration of justice and the correct application of the laws are fundamental points for the progress of the democratic process.

"Of course, men must be changed, and changes of the judges of the first instance, prosecutors, and justices of the peace will be made with these new individuals, because they are very important steps in the total renovation of the Judicial Branch," he said.

Rienzi also indicated that there is no need to ask the Colorado Party for permission to occupy his post because he was never a politically active member within the party since he became a member.

Fernandez Gadea: "The Policy of Unselfishness Took Precedence"

Carlos Fernandez Gadea has indicated that his naming as a member of the Supreme Court means the zenith of a long professional and academic career.

Referring to the method that was used to elect the Court's members, he indicated that there was a certain political hue to it, although he considers that it was mainly a policy of unselfishness that took precedence within the [political] parties in order to seek a consensus to implement the reform of the Judicial Branch.

He indicated that parrying between the various factions of the Colorado Party and the opposition during the days prior to the election was very positive and the appropriate consensus was reached, and it is just this that allowed him to become a member of this new Court.

"I am happy because that agreement permitted progress in the process of transition," he said in conclusion.

Sapena Brugada: "The Colorado Majority Will Not Influence Decisions"

Raul Sapena Brugada maintains that the fact that the Court includes a Colorado majority will not influence the decisions that the Court makes. As an example, he pointed out that the U.S. Supreme Court at times was totally comprised of Republicans, yet this fact was never relevant.

Sapena Brugada stresses that the Senate vote embodied a high level of democracy, and he points out that the other list of names was also interesting and had its validity. He indicates that the replacement of the judges is a priority. At this time, their posts are available.

Irala Burgos: Laments the Exclusion of Some Persons

Jeronimo Irala Burgos laments the fact that Horacio Lebron, Blas Roque Alcaraz, and Alejandro Encina Marin were not elected to the Supreme Court because he considers them to be very capable. For the new Supreme Court justice, the reform of the Judicial Branch will be a slow process due to the selection of the judges of the various jurisdictions. Irala Burgos also points out that if justice is to be imparted rapidly, then the Civil and Penal Codes have to be reformed, and that such reform is fundamental. "In this respect, it must be pointed out that there are three drafts of the Penal Code; therefore, we have the hope of counting on a renewed code."

The only justice to have been a member of the old court and a member of the new court indicates that the selection of good professionals will also influence the judicial reform.

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Ayala: "The Main Thing Is To Renew the Courts"

Elixeno Ayala Pavon states that the first thing the new Supreme Court has to do is to establish a work plan in order to diagnose the overall situation of the Judicial Branch, and from that point implement the reforms of the mechanisms charged with imparting justice.

"The main thing is to renew the courts, and afterward create the Judicial Academy, the judicial police, and other institutions. I have the hope that these mechanisms that are capable of generating and complying with expectations will be implemented quickly," he said.

The new member of the Court adds that it will be a totally impartial organization because its members have not participated in any type of political activity during the past few years. "I do not believe that any of the members will receive directives that will generate incompatibilities with the independence of the Supreme Court," Ayala said.

Lezcano Claude: Will Ask the PLRA for Permission in Order To Prevent Mistrust

Luis Lezcano Claude announces that he will ask the PLRA for permission to dedicate all his time to his new post on the Supreme Court and thus prevent any type of speculation that could harm him in his functions.

He stresses that he is confident and feels capable of performing well in the post for which he was elected by the senators. He hopes the persons who have confided in him will not be disappointed. "I have confidence that the nine of us who were elected will be able to implement a total renovation of the Judicial Branch," he said.

He expresses his satisfaction regarding the final configuration of the new Court, and he also expresses his confidence that all the justices will be able to work for the country's benefit.

Lezcano Claude is the youngest member of the Supreme Court, and in this role he promises a total dedication to his new functions.

Sosa: Our Commitment Is Justice for Everyone

Enrique Sosa Elizeche states that the commitment that is being assumed by the new members of the Supreme Court is that of returning credence. In this respect, he indicates that the justices must act with a just criteria so that the arms of justice will reach everyone, without differentiating between social classes. The new justice is confident that some of the reforms will be implemented as soon as the new Court is installed. "I believe that the Court will have to adjust its stride to the new demands and pressures of the people." In this respect, he stresses that the Court will be able to count on very capable persons, and he expresses his hope that, jointly with his colleagues, they will be able to work appropriately.

"Our commitment is that of structuring the Judicial Branch and returning credence to the organization in such a way that the people can have faith in justice," he said.

Senator Suggests Use of Arms To Defend Colorado Party

PY0504001395 Asuncion NOTICIAS in Spanish 4 Apr 95 p 21

[FBIS Translated Text] Arnaldo Rojas Sanchez, a senator from the "[Army Commander Lino] Oviedo-[Colorado leader Luis Maria] Argana" bloc, last night supported "the use of arms to defend the Colorado Party" as he believes the Colorado Party will soon fall into the hands of the opposition. He made this remark during a rally sponsored by the Coordinating Board of Colorado Party Public Servants [Coordinadora de Funcionarios Publicos Colorados] at the Seventh Colorado Party Precinct of Asuncion.

The senator emphasized: "We must proclaim our Coloradoism with dignity, forthrightly, and without being afraid of anyone. We may even have to use arms to stay in power."

Participating at the meeting were senators from the "Group of 16"—among them Blas N. Riquelme, Carlos Romero Pereira, Julio Rolando Elizeche, Juan Manuel Cano Melgarejo, Pura Moreno de Decoud, Dr. Julio Cesar Vasconcellos, as well as Geronimo Vazquez, the host and Seventh Colorado Party precinct president.

Rojas Sanchez emphasized: "I am not afraid of taking up a weapon to defend my party. We may fall, of course, but heads will roll and blood will be shed before the party falls."

Rojas Sanchez noted that Colorado Party people had to be careful of people from the opposition because: "They may say they are honest and perfect, but they are just troublemakers like some we have had in our party history."

Rojas Sanchez said the Colorado Party will lose ground in our local political scene. He harshly lashed out against the government actions carried out by [President Juan Carlos] Wasmosy and [Vice President Angel Roberto] Seifart, emphasizing that he and his bloc feel "villainously betrayed."

Rojas Sanchez added: "Vice President Seifart, who is engaged in a subtle campaign for the 1998 elections, is the administration's joint ideologist. Under the pretext that the opposition holds a majority in Congress, he concedes posts that belong to the Colorado Party."

Dr. Julio Cesar Vasconcellos harshly criticized the composition of the new Supreme Court of Justice because, in his opinion, it contains a typical fascist figure who seeks to politicize the court.

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Peru

Briones Terms U.S. Antinarcotics Policy 'Inappropriate'

PY0504034195 Madrid EFE in Spanish 0023 GMT 5 Apr 95

[FBIS Translated Text] Lima, 4 Apr (EFE)—Peruvian Interior Minister Juan Briones said today that the United States only granted $6 million to Peru in 1994 to combat drug trafficking.

In statements reported today by the ANDINA news agency, General Briones said that the stategy adopted by U.S. President Bill Clinton's administration to fight drug trafficking in drug producing countries has been "inappropriate."

Briones said that this amount "did not yield sufficient results," and added that in 1994 Peru allotted more than $300 million to combat drug trafficking.

Briones said: "We hope the U.S. Government will change its antinarcotics policy and adapt it to the situation of each individual country."

Drug trafficking is one of the worst problems affecting Peru. It is estimated that more than $1 billion produced by this illegal business enters the Peruvian economy each year.

In Peru there are more than 200,000 hectares of illegally farmed coca leaves, which is the main raw material used to manufacture cocaine, and more than 250,000 peasants farm it.

Government Denies Arrest of Ecuadoran Diplomat

PY0404154695 Madrid EFE in Spanish 1403 GMT 4 Apr 95

[FBIS Translated Text] Lima, 4 Apr (EFE)—Today the Peruvian Foreign Ministry denied the arrest of Ecuadoran diplomat Gabriel Drouet, second secretary of the Ecuadoran Embassy in Lima.

According to the Peruvian Foreign Ministry, Drouet's arrest was coincidental and routine, for a suspected traffic violation, and did not have as its purpose an alleged "systematic harassment," as was asserted in Quito.

Pablo Portugal, director of the Peruvian Foreign Ministry press room, stated in an informative note that on 31 March the police stopped the Ecuadoran diplomat because he was driving a vehicle bearing the wrong license plate.

The corresponding authorities questioned him in the belief that he was violating a traffic law, but after clarifying matters the Ecuadoran diplomat continued on his way without "any kind of trouble or harassment," according to Portugal.

In Quito, however, the authorities asserted that it was all done with the intention of harassing the diplomat, and on 3 April they issued a note "formally protesting" the incident.

Peru and Ecuador waged a five-week war in January and February over territorial claims in the Condor Mountain Range.

Vice Foreign Minister Views Border Conflict, Solution

PY0604033895 Lima Global de Television Network in Spanish 0130 GMT 6 Apr 95

[FBIS Translated Text] Speaking at the International Press Center, Vice Foreign Minister Eduardo Ponce Vivanco reaffirmed today that the conflict with Ecuador must be solved within the framework of respect for the Rio de Janeiro Protocol, and the peace agreements of Itamaraty and Montevideo.

Speaking to Peruvian and foreign reporters, the vice foreign minister stressed the need to respect the Rio de Janeiro Protocol and the mission of the guarantor countries.

In answer to a question by one of the Ecuadoran reporters on the subject of papal mediation, Ponce Vivanco ruled out such a possibility. Stressing Ecuador's belligerent attitude, he quoted one of its generals, who said that they would reach the Amazon River with dignity.

Eduardo Ponce declined to answer a question concerning a statement made by President Fujimori, who had said that he was trying to win time vis-a-vis the Ecuadoran Government in order to concentrate forces and win the internal war against terrorism. In concluding, he said that U.S. representative Luigi Einaudi will not visit Peru or Ecuador.

[Begin recording] [Unidentified reporter] What can you tell us about Peruvians arrested in Quito, presumably on charges of being spies?

[Ponce] We are conducting thorough investigations on the matter because it is a very important subject for us. We will be able to make specific remarks on the matter only after obtaining absolutely true information on the number of Peruvians arrested because Ecuador is not rendering an account on this to Peruvian officials. We are interested in knowing how many Peruvians are indeed under arrest in Ecuador.

[Reporter] Excuse me. Concerning Einaudi's visit to our country, is he expected to arrive within the next few days?

[Ponce] Well, I already answered that question by saying Einaudi himself had said at our embassy in the United States that he has no plans to visit either Ecuador or Peru. [end recording]

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[Madrid EFE in Spanish at 0140 GMT on 6 April, reporting on Ponce's remarks, adds the following: "Peruvian Vice Foreign Minister Eduardo Ponce Vivanco said today that the recent weapons purchase by the Ecuadoran Government threatens to unleash an arms race in the region.

["He said: 'The mass purchase of weapons by Ecuador is proof of this, while Ecuadoran Government officials are trying to convince the world of the need for a just, worthy, equitable, and honorable solution to the recent conflict.'"]

Camet on Economy, Cost of Border Conflict

PY0504043595 Lima EL COMERCIO in Spanish 27 Mar 95 p A5

[FBIS Translated Text] Economy and Finance Minister Jorge Camet Dickmann disclosed on 26 March that Peru's foreign debt condoned last year by a group of creditor countries—especially Switzerland, Italy, Canada, England, and Germany—amounted to $300 million.

As he upheld the current economic policy, the minister said that, according to World Bank reports, poverty in Peru has dropped from 58 to 50 percent.

Camet commented that "this means that 2 million Peruvians have pulled out of this situation."

He also announced that he will meet with Defense Minister General Victor Malca Villanueva this week to assess the economic cost the armed conflict started by Ecuador has represented for Peru.

He said that the real cost of the war has still not been determined.

Camet said that the Defense Ministry has supplied him information on what each of the three branches of the Armed Forces (Army, Navy, and Air Force) have spent during the first three weeks of the conflict.

Camet said that the Economy Ministry made a first disbursement of $100 million soles, "without revising accounts so that the Armed Force could cover their expenses."

As for possible expenditures on acquisition of war materiel to replace what was lost during the war, and in view of the arms escalation started by Ecuador, Camet said that the Peruvian Armed Forces are well-equipped and have already modernized their weapons.

"Anyhow, if we have to replace weapons, we can use money obtained from the privatization process," he said after explaining that that decision is up to the president of the Republic and to the Armed Forces Joint Command.

As for the behavior of the stock exchange during the conflict, he said it dropped significantly, up to 25 percent. He added, however, that that trend has been reversed, and of some $1.5 to $1.6 billion in short-term capital investments in the stock market, only $32 million was taken out of the country.

He also said that currently the country has some $6 billion; therefore, "all short-term capital investments could leave the country and this would only affect our reserves."

"But we will still have significant reserves," he said. Camet said that, more than investments in the stock market, which involve short-term capital investments, or "speculative capital," the government is interested in productive and permanent investments.

In comments to a television program, Camet answered questions on the economic policy,

As for the privatization of public enterprises, he revealed that measures have been taken to avoid risks, especially to prevent a country such as Ecuador from purchasing a Peruvian company.

Camet explained that "measures have been taken in the calling for bids whereby the potential investors are prequalified, that is, they are either accepted or rejected."

He explained that during the prequalification process, all the documents are exhaustively assessed to prevent possible sales to third parties.

As for Petroperu (State Petroleum Agency), he said that he, personally, was against monopolies, be they private or public monopolies.

Camet added: "Personally, I would like one of the country's two important refineries to be privatized and the other to be administered for some time by Petroperu, so that the two can compete."

He acknowledged that Petroperu is very well administered, but added that it can make profit because it has been relieved of more than $1 billion of its foreign debt.

He explained that "if that debt were returned to Petroperu with its financial costs, it would experience losses rather than profits."

Subsequently he upheld Decree No. 776 issued by the legislative branch, which modifies the municipal tax structure. Camet thus directly responded to criticisms by Lima Mayor Ricardo Belmont, who is also a candidate for the presidency of the Republic.

The minister said that instead of complaining so much, the mayor- candidate should improve the collection level of his own municipal district taxes and use the direct taxes of the Lima municipal districts as income.

He also said he hopes taxes this year will reach 13.9 percent, "but we will have to reach a tax burden of 18 to 20 percent, as in Argentina, Chile, and many other countries. We must take care of our social needs."

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Camet commented: "In any case, the businessmen should regard it as a contribution because we must take care of social needs and we need resources for this purpose. Whoever owns an asset must make it profitable or, if not, sell it."

He said that more than 60 percent of the companies that offer shares in the stock market "no longer pay the minimum income tax because they have improved their efficiency and profitability."

In referring to the high unemployment rate mentioned by some presidential candidates, Camet said that statistics on employment are not the most adequate and accurate.

He said that "if the country has experienced the highest growth rate in the world, a rate of 12.7 percent, that means there is investment and production, and, therefore, jobs are being generated."

"Poverty, which amounted to 58 percent has dropped to 50 percent. This is because there are jobs and production," he said.

He added that extreme poverty has dropped from 24.6 percent to 19 percent, "which means that 2 million Peruvians, during this administration, have extricated themselves from poverty."

As for devaluation, he disclosed that during the first half of last year Peru purchased $900 million to try to get the "dirty floating" exchange rate to increase slightly and thus avoid a drop.

Now, during the past three months, the exchange rate has experienced a real four percent increase.

He also disclosed that exports last year increased by some 30 percent.

OAS Observers Witnessing 'Irregularities' Not Fraud

PY0404184295 Madrid EFE in Spanish 2150 GMT 3 Apr 95

[FBIS Translated Text] Lima, 3 Apr (EFE)—Santiago Murray, head of the OAS mission of observers for the Peruvian elections of 9 April, today asserted that "one cannot talk about fraud" in the electoral process currently under way, but rather of "irregularities."

The Argentine diplomat said that "the only thing we have learned about so far are irregularities that we have already reported to the National Election Board (JNE) which, in turn, has brought them to the court's attention."

Murray said that "there is a great difference between fraud and the mentioned irregularities, but if an attempt is made to distort the people's decision on the day of the elections, we will not hesitate to inform the OAS about it and disclose the case."

After noting that most of the irregularities that have surfaced have to do with the irregular participation of authorities in the campaign, Murray said that on 30 March he was informed by the attorney general of the Republic, Nelida Colan, of actions taken by their office to punish those found guilty.

She said that charged had been filed against the managers of EL PERUANO and government authorities from Chepen and Chachapoyas Provinces, but it was also decided that there was no evidence to charge other authorities with irregularities.

Asked whether the mentioned irregularities will substantially distort the results of the elections, Murray refrained from giving an opinion "because it all depends on how you view each case."

Murray said that on the day of the elections 100 OAS observers will be deployed, and they will make surprise visits to balloting stations and focus their work on those regions of the country under military supervision.

The OAS mission leader said that they will be in the main Peruvian regions and cities, especially those under a state of emergency, at the request of the JNE and the political opposition.

Federico Velarde, executive secretary of the civilian organization Transparencia, disclosed that they will deploy 4,500 additional observers during the elections and will coordinate their work with the OAS.

The two organizations have stated that they will also keep a quick vote count and will make their own projections of the presidential and parliamentary election results.

Election Campaign Notes 15-21 Mar

95SM0267A (Internet) Peru DESCO Gopher 24 Mar 95

[From Resumen Semanal]

[FBIS Translated Text]

UPP Stresses Jobs, Economy

The economic plan of the Union For Peru [UPP] will emphasize increased domestic savings and more jobs, Congress member Manuel Moreyra announced. He revealed that the plan in question has been revised, and the final version will be announced after Ambassador Perez de Cuellar has returned. Moreyra stated that the program has not been discussed with the IMF [International Monetary Fund], nor will it be. He also said that the main problem if Fujimori is reelected will be the concentration of power, and that the conflict with Ecuador will affect the national economy despite the fact that the government is saying it will not. In connection with the policies the UPP economic plan contemplates for increasing employment, he said that personnel costs must be reduced, either through the taxes the employer pays directly or those paid on behalf of the employees.

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"As the state needs resources, this means taxing capital assets, especially those that are not productive. With what is contemplated in the UPP plan, more or less the same total amount would be collected, but the workers would be taxed less and capital more. Obviously, since it provides an incentive for exports, this does not please the IMF, which wants us to import as much as possible in order to support the dollar," he stressed. [GESTION 17 Mar 95]

Belmont: 'Poor Man's Candidate'

Ricardo Belmont has proclaimed himself the "candidate of the poor," and he stresses that his rallies in the provinces have been attended by crowds. "I can show videos to prove this. If Fujimori had the support he says he has, he would be appearing in the public squares. But as he represents the regime, the people do not support him," Belmont said. He continued his strategy of wearing down the government by attacking on all flanks. This time his target was the process of privatizing the public enterprises. He said that 75 percent of the enterprises sold have ended up in the control of foreign capital, and that the money obtained from these sales has gone into the petty cash fund of the Presidency of the Republic. [EL MUNDO 20 Mar 95]

Request for Investigation Denied

The weekly periodical OIGA (No.735, 20 Mar 95) has reported that "Javier Diez Canseco wanted to know, as almost everyone else has, what publishing enterprise is responsible for putting out the full-color calendars that Fujimori has been distributing right and left for years, and also, what the production of this propaganda has cost and who has paid for it. In view of the profound silence maintained by the government, Diez Canseco filed a habeas data appeal with the 27th Special Civil Court in Lima. However, the judge of that chamber ruled the appeal contrary to law because, he said, the information sought by Diez Canseco from the presidency of the Council of Ministers, which according to the Constitution legalizes the documents of the President of the Republic, has no authority over any personal information about him that the Council might have. As a result, the mystery of the calendars continues."

Toledo Urges Voting Rights for Military

On 20 March, Alejandro Toledo, the presidential candidate of the CODE [Democratic Convergence]-Possible Country, stated that he does not have confidence in the OAS observers' mission because its conduct in the last two electorial processes has been in no way "pure and holy." Speaking at the CAEM [Advanced Military Studies Center], Toledo made a preliminary presentation of his government platform, which will be published in the press during the course of the week. Because of the nature of the venue, he went into greater detail in his explanation about the relations between the Armed Forces and the government. After completing his explanation, he made some statements to the press, announcing that he will meet with Santiago Murray, the head of the observers' mission, and will inform him of his charges concerning alleged irregularities in the development of the electoral campaign. "I am not going to be a querulous candidate, but I must say that the evidence is increasingly conclusive. It would seem that our candidacy is being targeted," he stressed. On the subject of the right of police and military personnel to vote, he said that "they have to pay their taxes and they risk their lives on our frontiers to defend the national territory. Therefore, they should not continue to be treated as second-class citizens." [EL COMERCIO, GESTION, EL MUNDO 21 Mar 95].

Church Calls for Social Development

On 20 March, the Peruvian Bishops' Conference said in a statement that the presidential candidate who wins the coming elections must devote priority attention to the most critical social problems so that the benefits of economic growth can be fairly distributed to all. Monsignor Miguel Irizar was entrusted with the task of publicizing the statement by this collegiate body of the Catholic Church. He added that the lack of jobs and better living conditions for the people are obvious, and that the presidential candidates must include in their working agendas effective measures to overcome these problems, which lead to inequality and provoke social tensions. "In connection with the difficult task of pacifying the country," the document says, "it must be remembered that peace will be stable and enduring only to the extent that we succeed in creating more just economic and political structures. Therefore, a veritable pacification strategy must be based not only on the struggle against violence and terrorism, but also and mainly on a strategy of development and social transformation designed to eliminate social exclusion and injustice." [EL COMERCIO, LA REPUBLICA, 21 Mar 95]

JPC Says Social Problems Pressing

Speaking at the United Nations on 17 March, Javier Perez de Cuellar [JPC] said that whether he wins or loses in the coming elections in Peru, "any government taking office on 28 July will have to devote special attention to the nation's social problems." He stated that he does not regard the present government as "truly democratic," and that although he has never been a politician nor does he have any special interest in being president, he deems it important, in view of the current situation in the country, to ensure its return to a democratic regime that will devote the necessary attention to social problems. He also emphasized that it would be a mistake and harmful to view development and to seek to achieve it solely in terms of its economic dimension. He said in this connection that culture must be viewed in its broadest sense, as a way of life that should be global in scope. He also stressed the importance of respect for the individual, taking his social and historic reality into account—since otherwise, respect for human rights is not possible. Perez de Cuellar noted that, according to

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the statistics, there are 12 million poor people in Peru—evidence that equitable distribution of economic growth does not exist. "How can one speak of growth if half the population is poor?" The former secretary general of the United Nations recalled that when he held that position, he was very concerned about poverty throughout the world, but that when he returned to Peru, his concern became anguish, "because one is most hurt by what touches him most closely." [EL COMERCIO 18 Mar 95]

Governor Accused of Election Fraud Attempt

On 14 March, Carlos Chipoco, the spokesman for the Union for Peru, reported the fourth proven case of the use of the state infrastructure to promote the reelection of President Fujimori. In this instance, the subprefect of Lamas, in the department of San Martin, ordered the governor of the Tabalosos District to choose 22 representatives of New Majority-Change 90. Chipoco submitted documents providing proof of this action, which he termed "attempted electorial fraud," to Santiago Murray, the head of the OAS observers' mission. He also submitted this same charge to the National Election Board. The various communications authored by Alis Rios Torrejon, the subprefect of the province of Lamas, on the letterhead of the subprefecture were delivered to Milagro Wilmer Castaneda Pisco, the governor of the district of Tabalosos, on 7 November 1994. He responded to the subprefect on 19 January last, sending along the complete list of the 22 representatives chosen "for the April 1995 campaign," according to the documents. [LA REPUBLICA, 15 Mar 95]

Election Campaign Notes 22-28 Mar

95SM0267B (Internet) Peru DESCO Gopher in Spanish 30 Mar 95

[From Resumen Semanal]

Toledo on Generating Jobs

[FBIS Translated Text] In a message to the nation on 21 March, Alejandro Toledo, the presidential candidate of the CODE [Democratic Convergence]-Possible Country, proposed an investment of $100 million, which would generate the equivalent of $1 billion per year, to be used to create about 500,000 direct job opportunities and about 2.5 million indirect jobs. Also, the presidential candidate proposed an investment of $1,700 per year per poor family. The overall figure would come to $400 billion, equal to 10 percent of the GDP. Toledo explained later that the social policy in his program is based on priority state investment in the nutrition, health, and education sectors. (Most dailies 22 Mar 95)

'Presidential Creativity'

On 23 March, during the literary debate entitled "Presidential Creativity" held at the Peruvian University of Applied Sciences, Alejandro Toledo proposed changes in the tax policy including a reduction in the general sales tax rate, with no changes for the fifth category of the income tax for a certain labor sector. Toledo also discussed some aspects of internal security, linking them with the subject of investment. He maintained that it would be possible to link the state with the private sector in connection with the military industries. In this connection, he said that if elected, he will strengthen and modernize the armed forces in order to consolidate peace in the region. And he reiterated that he would sponsor a constitutional amendment to give military personnel the right to vote. (EL COMERCIO 24 Mar 95)

Later, in Pallasca, the presidential candidate of the CODE-Possible Country stated that if he is elected to serve as the next president of Peru, he will at the beginning of his term of office allocate about $800 million for the battle against poverty in our country. He explained that this allocation will be financed in part by funds obtained from the IDB [Interamerican Development Bank], money obtained from the privatization process, and some of what is currently being used to pay the foreign debt. However, in no way will the battle against hyperinflation be put at risk. Toledo reiterated his proposal for the renegotiation of the foreign debt to make it possible to pay less so as to use the balance for the programs to combat poverty. He explained that this social program would be implemented in the departments of Ayacucho, Cajamarca, Apurimac, Junin, and Puno, above all. "This will not be done by means of gifts or sinecures, but by creating productive jobs so that the citizens of Peru can have access to a situation of well-being, with dignified and well-paid work," he said. (Most dailies 27 March 95)

'FBT: No Reelection'

The supporters of Popular Action will vote against the reelection of the president-candidate on a possible second electoral round in order to prevent the country from being brought to the brink of chaos again, architect Fernando Belaunde Terry (FBT) announced on 25 March. Belaunde further commented that on 9 April, with the election of the new Congress, parliamentary servility will come to an end; and on 28 July, totalitarian government will cease. The former chief executive also believes that if President Fujimori wins the elections and remains in power, he will have to submit to public institutions that enjoy and exercise full authority. "I do not believe in the good intentions of the present government, and we do not know how far its actions will go in the course of this process. However, we are going into the elections to do battle, because as of 9 April, parliamentary servility will cease," he stated confidently. (LA REPUBLICA 26 Mar 95)

Ricardo Belmont

Ricardo Belmont, the presidential candidate of the Works movement, has described the announced return of former president Alan Garcia Perez as part of a maneuver designed to "set up" a second round in order to ensure the reelection of the current chief of state,

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Alberto Fujimori. According to Belmont, the brothers Hector and Genaro Delgado Parker are involved in this political maneuver.

In another connection, he explained that if he is elected president of the Republic on 9 April, he will govern on the basis of a market economy, but one that has a human face and that distributes income in a just manner. Referring to the visit he paid to the city of Iquitos a few days ago, Belmont said that the economic advancement of the Peruvian Amazon region is among his governmental priorities; and to this end, he plans to create free zones in Santa Rosa, Castilla, Caballococha, and Iquitos. He also promised to reassess the system of exemptions in effect in the Amazon region. In conclusion, he questioned the justification of the candidate-president's offer of "little gifts" to the people in the interior of the country. "Instead of gifts, the government should provide decent and well-paid jobs to give the people some dignity," he concluded. (Most dailies 27 Mar 95)

'JPC: Decentralization'

Javier Perez de Cuellar (JPC), the presidential candidate of the [Union of the Peruvian People] (UPP), said on 21 March in Chimbote that if he becomes president, he will do away with presidential reelection and will reestablish a bicameral congress, with 70 deputies and 50 senators. He also accused the president-candidate of running a propaganda campaign of "bombardment," and he demanded that the electoral process be carried out on a "high level," since the people have the best program and they do not want to see an electoral deployment paid for by government funds. The ambassador emphasized that his propaganda campaign is a modest one, not only because he has limited resources but because an extravagant campaign is an affront to the people of Peru. As to the government platform of the UPP, he reiterated the proposal for providing work for all Peruvians within the next five years. He explained that decentralization is the basis on which his plan of government rests. "Both the generation of jobs and the reactivation of the agricultural sector must be carried out, bearing in mind that decentralization is the only form of truly democratic distribution." Concerning his economic policy, Perez de Cuellar clarified its difference from that of the current government. "While the present government is pursuing an extreme policy benefiting small sectors, we believe that the market economy should serve the people, within the context of what is called a social market economy." (Most dailies 22 Mar 95)

'A Dangerous Period of Instability'

In Chiclayo, Javier Perez de Cuellar reiterated his criticisms of the actions of President Fujimori, and he said that the possible reelection of the president would bring with it a revolution in the country. He said that on the basis of the experience of 5 April 1992, and with the certainty of lacking a majority in the Congress, Fujimori's reelection would mean another coup d'etat at any time. He reiterated that "if Fujimori were reelected, we would enter into a dangerous period of instability or false stability." He added that "the people will have to choose between continuing with a government that has failed to tell the truth and has crushed freedoms, and an alternative creating change that will rescue them from the social crisis in which they find themselves." (Most dailies 25 Mar 95)

'The Teacher Is the Main Pillar'

Javier Perez de Cuellar, the presidential candidate of the Union of the Peruvian People [UPP], promised that his government will provide "education that is truly free and without deception on all levels." To the accompaniment of shouted comments about his candidacy, the ambassador said, with reference to the current government, that one cannot promise that education will continue to be free, on the one hand, while proposing on the other hand that it be privatized. "This is an unacceptable deception on the part of the current government," he emphasized. He said that a national program for the educational sector requires the drafting of a state policy for the medium and long terms. "For this reason, the first step we in the UPP will take will be to provide quality education that is free, but truly and effectively free," he explained. Perez de Cuellar said that "the teacher is the main pillar of our fatherland's development." Education and teachers are essential factors in the development of all modern nations. "No one makes progress if he does not know where he is going, and for this reason, the role of those who educate the children who are the future of Peru is fundamental," he stated. In another part of his explanation, he said that it is important to provide technical training that leads to competitive capacity and at the same time solidarity, as results in the education of the students. He added that teachers "play a basic role in this connection by inspiring excellence in the students, provided it is possible to resolve their overall problems." (Most dailies 28 Mar 95)

Fujimori: 'Figures, Not Words'

On 26 March, President Fujimori announced in Huancayo that in the course of the balance of his term of office, he plans to inaugurate an average of three secondary schools each day, and in addition to achieve the asphalting of 2,500 kilometers of highway and the construction of 5,400 kilometers of rural roads. During a surprise visit he paid to the Mantaro Valley to inaugurate the newly-asphalted tourist route from Concepcion to Ingenio, Fujimori said that pacification "is a great project that cannot be seen, but is felt." "The people no longer want more speeches or more promises, but concrete achievements. We live in a democracy and there are criticisms. But who can criticize the Jauja-Huancayo highway? Smiling, he said that "if anyone does so, I am sure you will strike the criticism down." "I like to see highways as well as high schools built, just as I like to see pretty girls, and whenever I visit a town, I leave a little gift," Fujimori said, after announcing that a Model

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National Industrial School will be built in the district of Ingenio. "If an average of four kilometers of highway per day was commissioned in 1994, we must commission about eight kilometers per day in 1995. I do not speak a great deal. I like figures better than words." In addition to the highway segment between Concepcion and Ingenio, the president inaugurated CE 30217 (Cochas Chico), CE 31510 (Miraflores District), and CE 30487 (Jauja). (Most dailies 27 Mar 95)

'As Simple as His Vocabulary'

Fernando Rospigliosi (CARETAS No. 1355, 23 Mar 95) made the following statement: "With 9 April a little more than two weeks away, the strangest electoral campaign in the recent history of Peru is proceeding and boring the citizens. The candidate who the surveys say is likely to win the most overwhelming victory since the end of the military dictatorship in 1980 has not, formally speaking, campaigned at all. He has delivered no political speeches, has organized no meetings or rallies. He did not do this before, nor is he doing this now. Furthermore, he has not announced any government platform. The voters will cast their votes for him now as they did in 1990, without knowing what he proposes. Although to take a positive view of the matter, the people are not losing anything by remaining ignorant of his program. In 1990, neither the shock nor the coup were among his electoral proposals, but they constituted the most important steps he took. In reality, the president-candidate began his campaign in 1993. Since then, his electoral campaign has never ceased, and it is continuing today, funded by state resources and in violation of the electoral norms. The candidate does not need a party campaign, because he makes his tours using the resources of the state, and he organizes his meetings—the project inauguration ceremonies—with a captive audience, directed and reinforced when necessary by members of the Armed Forces. Nor is he interested in discussion of the problems of the country and possible solutions to them, because this would expose him to criticism of the errors made, and he has nothing to offer but more of the same. And, of course, he does not want to hear the conflict with Ecuador even mentioned. It was a situation in which his ineptitude in guiding the state was obvious, and his lies went beyond any imaginable boundaries. The strategy for Fujimori's campaign, then, is as simple as his vocabulary, and can be summarized in three words: don't make waves. It is difficult to believe that the voters will allow themselves to be deceived in such overwhelming numbers by the president-candidate. It is probable that a phenomenon of growth is occurring among Fujimori's opponents, and that they will in the end frustrate his excessive ambition to remain in power."

'Political Stability Through Alliances'

Mirko Lauer has expressed the following view: "The feeling in the streets is that the opposition is expanding in all directions. This suggests that the people are beginning to turn toward the at least half-dozen candidates who are not Alberto Fujimori, and that these opponents will in the end win large and rather equal numbers of votes. What will precipitate a second round will not be a landslide for Javier Perez de Cuellar, whose second-place position is certain, but rather multiple excellent performances with regard to the third-place position. The voters are preparing for a second round, but not just any second round. Unlike that in 1990, the situation this time seems to indicate that the two winners will find themselves obliged to forge alliances, that is to say to establish a certain kind of political stability based on agreement. And insofar as this is possible, to provide a channel for the expression of the demands of the citizens. What is causing the problem for Fujimori's program is the concept of total power invested in a single person. Fujimori's unjustifiable actions in the current clash with Ecuador are contributing greatly to the voters' mistrust. But it is also being influenced, and to a great extent, by the final economic assessment being made at the dinner tables in all of the homes in the country." (LA REPUBLICA 23 Mar 95)

'The Polls Have Lost Their Credibility'

The weekly periodical CARETAS (No. 1355, 23 Mar 95) reported as follows: "Speaking before an attentive audience at the seminar entitled The Press as an Electoral Factor' organized by the IPYS [expansion not given], Apoyo's Alfredo Torres took a step representing a cathartic explanation on Monday, 20 March. He stated that he personally believed that Fujimori could win 45 percent—which with the plus or minus, might prove to be 40 percent—of the votes, with which he would not win a victory on the first round; and that Javier Perez de Cuellar would win 25 percent of the votes. In other words, he put a distance between himself and Apoyo, a firm with which he has been associated almost since the beginning of the political polling process. With this statement, he dispelled the doubts about what will happen in the first round. The polls have lost their credibility. Those that indicated Fujimori would emerge triumphant in the conflict with Ecuador, instead of losing support, went too far. Alfredo Torres reiterated his view that the polls do not produce forecasts but are snapshots of a given moment in the public thinking. JPC's retort, somewhere between truth and jest, was that the polls may be photographs, but it seems that each time they are photographs of the voters themselves."

'Contradictory' Fujimori-Military Relationship Viewed

PY0504213295 Madrid EFE in Spanish 1347 GMT 5 Apr 95

[By Victor Robles]

[FBIS Translated Text] Lima, 5 Apr (EFE)—Peruvian President Alberto Fujimori's relationship with the military is marked by a mixture of loyalty and resentment, according to various experts on the subject.

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The loyalty became evident on 5 April 1992, when the military backed Fujimori's decision to closed down the bicameral Congress and establish "an emergency government" that lasted nine months.

Subsequently the president compensated the military for this support when the government majority in Congress refused to approve the trial by an ordinary court of a group of military officers who had abducted and murdered nine university students and one professor in 1992.

The case was placed in the hands of the military court, which found the defendants guilty of first degree murder, neglect, and other crimes, and sentenced them to 20 years imprisonment, due to pressure excerted by the media, according to some observers.

The trial and rulings caused resentment among a large group of military officers used to official impunity regarding acts within the framework of the "dirty war"; they thought Fujimori was being "weak" before the media.

Fujimori, however, approved a series of emergency laws designed to expedite the military's struggle against terrorism.

Among these laws is one restricting the right to an appropriate trial and those establishing life imprisonment; the death penalty, which has still not been applied; "faceless judges"; and summary trials.

At the same time, Fujimori strengthened the state intelligence services, which up to then operated in a disorderly manner, by granting them the necessary resources to make their work more effective.

He gave the military machinery and charged them with carrying out development projects in zones affected by terrorism, to improve the image of the Armed Forces and restore the state's presence in those zones.

With these measures, which entailed a comprehensive antisubversive strategy, the Armed Forces were able to defeat the terrorist groups. These groups are currently weakened and on the defensive.

Another fact that caused resentment among the military officers was Fujimori's decision to strip them of their authority to appoint, without having to consult anybody else, the chiefs of the Armed Forces.

The dissatisfied political opposition and military officers charged the president with "politicizing the military institution" and violating an ancient tradition.

Some analysts, however, maintain that Fujimori's decision "is reasonable in a country where military coups have been the rule and civilian governments the exception."

An expert stated that "within this historical context, it is established that the best way to guarantee democratic continuity is for the chief of the Armed Forces to be someone who enjoy's the president's confidence."

Another factor that has caused unrest among Peruvian military personnel has been the effect of the severe economic adjustment applied by Fujimori in 1990 on their living standards.

As a result of this adjustment, the officers now earn nearly five times less than six years ago and the budgets of their institutions have hardly allowed them to keep their weapons operational.

Moreover, some fringe benefits they enjoyed, such as food allowances and purchasing vouchers for their own supermarkets, were reduced, and the new automobilies they were given were replaced by second-hand cars.

The political opposition charges Fujimori with being the puppet of the military, but also of having overwhelmed them. Therefore, it is deduced that the relationship between the president and the Armed Forces is rather contradictory.

According to some analysts, this relationship indicates that the military has power within the government, but also that Fujimori has a greater amount of power than many believe over the Armed Forces.

Economic Notes From Media 15-21 Mar

Editorial Equates Social Impact With Stability

The daily newspaper SINTESIS [21 Mar 95] said the following in an editorial. "In a report sent to us by PromPeru entitled Assessment of and Prospects for the Peruvian Economic Program,' a summary of the major economic achievements of the government is presented. We would analyze them as follows: 1) The highest economic growth rate in the world.' That is true, but there is a need for caution with regard to overheating, particularly in the foreign sector, where the black hole' may come to more than $3 billion this year. 2) Inflation at international levels.' Fine, but let no one try to reduce it too rapidly, because this always comes at the expense of real wages and the businesses serving the domestic market. 3) Foreign investment on the rise.' Indeed, and this is excellent. This achievement should be pushed further, with the privatization of ferry services, and better conditions in the tourist sector, for example. 4) Iron fiscal discipline.' We believe this existed until a few days ago, when we learned that the government's economic deficit came to between 4 percent and 6 percent of the GDP at the end of 1994. Care must be taken with regard to the tequila effect'. 5) Consolidation of reinsertion.' We agree. It would be best not to take participation in the Brady Plan too lightly, and a change in our approach to negotiation is needed so we can cease to sign everything put on the table for us. 6) Attractive stock market.' It definitely is attractive, and the government must lower the intermediary handling costs. 7) Progress in the battle against poverty.'

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The report supports this conclusion as to the increase in social expenditures. But we do not agree, because no one believes this. The increased social expenditures to date have gone into schools, small projects, and bonuses for farmers, almost entirely brought in from China. And, as far as we know, there has been no public bidding. The government must stop its policy of pampering, and social expenditures must be channeled into reproductive projects. The government must realize that without a plan to develop employment, this conclusion may come to nothing. It is here—precisely here—that Fujimori's great challenge lies if, as the surveys say he will, he wins another government term and expects to stabilize the country in the long run. If the president succeeds in reconciling a policy of decentralized development with a heavy dose of projects that produce new jobs, and if he begins to raise real wages in terms of market prices, this country will not have to experience movements making social demands, or the destructive effects of the deplorable subversive groups, again."

Camet Optimistic on Debt Forgiveness

On 17 March, Minister of Economy Jorge Camet announced that poverty in the country has been reduced "from the 54 percent we inherited" to 49 percent, and the level of extreme poverty has dropped from 24 percent to 20 percent. The first figure has dropped five points and the second figure only four in the almost five years of President Fujimori's government. "More specifically, with the economy rebuilt, resources are available for investment in the social sector, which is where we are seeing results," he noted. He explained that, first of all, inflation has continued to decline from the 15.4 percent reported in 1994 to the 12 percent expected by the end of 1995. When asked whether President Fujimori has had a response to the request he made in Copenhagen to have Peru's foreign debt forgiven, he said that he has not as yet received an answer but is certain he will. However, he noted as an example that prior to this request, an agreement to pardon part of the debt was obtained from Switzerland, covering nearly $150 million in all. "Fortunately, we are different from Mexico and the United States where there have been problems due to the tequila effect,' because we have no domestic debt, and therefore our reserves are high in relation to the currency in circulation. As a result, we have a stable economy," Camet said. [Most dailies 18 Mar 95].

Severe Flooding Costs $2 Million in Crops

According to unofficial reports from officials in the farm sector, flooding along the Ica, Visca, and Ingenio Rivers in the department of Ica have destroyed more than a thousand hectares of crops, causing economic losses of $2 million. On the other hand, the Ministry of Transportation and Communications has assigned some 62 working groups dispersed throughout 18 departments to deal with the mud slides that have occurred as a result of the intensive rains that have fallen in the mountain areas of the country. Minister of Transportation and Communications Juan Castilla Meza has stated that an effort is being made to minimize the damage the mud slides are doing to a number of roads in the country. [LA REPUBLICA 17 Mar 95]

Economic Notes From Media 22-28 Mar

95SM0267C (Internet) Peru DESCO Gopher in Spanish 30 Mar

[From Resumen Semanal]

[FBIS Translated Text]

Fujimori (45.5 percent), JPC (19.8 percent), and Belmont (9 percent?)

The number of persons intending to vote for President Alberto Fujimori continued to decline slightly during the week, while Ambassador Javier Perez de Cuellar [JPC]; the APRA [American Popular Revolutionary Alliance] candidate, Mercedes Cabanillas; and, above all, Lima Mayor Ricardo Belmont, gained some points. According to the polling agency IMASEN [expansion not given], Fujimori experienced a drop to about 45.5 percent on the national level, Perez de Cuellar scored about 19.8 percent, and the APRA candidate claimed third place with 3.5 percent. The decline reported for Alejandro Toledo in the polls has been spectacular. On the other hand, Graciela Fernandez Baca, the UPP [Union of the Peruvian People] candidate for the first vice presidency, stated with total frankness that it is important to note that a survey commissioned by her own movement showed an increase for Ricardo Belmont, the Works candidate, who is the choice of close to nine percent of the voters. In this way, the battle for third place would be between another independent, not Toledo, and a party, both of which are characterized by language that is radically anti-Fujimori. As the daily newspaper GESTION commented, this would lead us to believe that a feeling—rather than a thought—of strong opposition to the government has been developing in broad social sectors, which are moving away from more diplomatic positions, like that of Ambassador Perez de Cuellar.

In the APOYO S.A. poll, the preliminary results for Lima showed a "slight decline" for President Fujimori, while the trend for candidate Javier Perez de Cuellar was the opposite, Felipe Ortiz de Zevallos stated. According to the DATUM poll on the presidency, Change 90-New Majority would win 56.5 percent, the UPP 19 percent, and the APRA 7 percent. The government party would win 30.9 percent of the votes for the Congress, the UPP 11.5 percent, the FIM [Independent Front for Moralization] 9.7 percent, and Renewal 8.5 percent. [Most dailies 24 Mar 95, GESTION 25 Mar 95].

IMF Finds Goals Surpassed

Minister of Economy Jorge Camet has announced that an IMF [International Monetary Fund] mission visited our country several weeks ago to check on the fulfillment of the goals set for the fourth quarter of 1994. "The mission found that the goals had been overfulfilled. This determination process is a natural thing, because the

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IMF is our international auditor," he noted. Camet reiterated that the poor sector of the population in the country has been reduced from 55 percent to 49 percent, and the sector in extreme poverty from 24 percent to 20 percent. "Currently, I am analyzing a survey made on income levels, and the improvement in the results comparing family income levels, and the improvement between 1991 and 1994 is impressive." The minister said that the economic program has been a "notable success" from the social point of view. Camet also said that plans call for no less than $6 billion in new investments coming into the country in the course of the next three or four years. In this connection, he stressed the investments that the oil companies Repsol and Ampolex will make in the prospecting and exploitation of Lot Z-29 on the Peruvian continental mass. [GESTION 24 Mar 95].

Later, speaking on the program called Contrapunto [Counterpoint], the Minister of Economy said in answer to a question about the cost of the conflict on the northern frontier that the precise total spent is not known. He said that the funds obtained from the sale of public enterprises could be used to replace the war materiel used (or lost) during the conflict with Ecuador. He also made it clear that the use of the resources generated by the privatization process "would affect neither exchange parity nor inflation, because it would not be a question of minting money, but only importing it." However, the head of the MEF [Ministry of Economy and Finance] noted that any decision on replacing military equipment "falls to the Joint Command and the president of the Republic." [Most dailies 27 Mar 95]

'Camet Is a Symbol'

Commenting on Jorge Camet's statement, Mirko Lauer stated the following: "Jorge Camet should not waste his time explaining to the 22 million citizens of Peru that the economic program has been a "notable success" from the social point of view. This is the type of information every individual feels in his bones, and there is no statistical figure that can alter the perception based on the living experience of the victims of the adjustment, with the economic "peace and good" that have turned Peruvian society upside down. Instead of manipulating figures that can have meaning only for the groups in power, Camet should talk about the concrete income of the people, their health status, the prices of basic services. On the other hand, it is hard to understand Camet's zealous defense of the economic program, now that he is telling us that a) he is not an advocate of monopoly; b) he does not like the current model for the privatization of PetroPeru [State Petroleum Agency]; c) if he continues as minister, he will block certain privatizations by Ecuadorans; and d) he wants to renegotiate the foreign debt, or to negotiate a pardon of the debt. These four points would justify the suspicion that the economic program with which Camet is identifying now is not the present one, which he insisted so forcefully on completing just as it was, with the opening of the country to foreign capital without any limit, the effort to maintain the monopolies, and insistence on continuing, come what may, to overpay on a foreign debt increasing at great speed. The strategist whose idea it was to have Camet go forward on television to remind the Peruvian citizens of how well they are doing should think matters through again. Camet is the symbol of five years of daily reorganization of the state and the government to the benefit of the rich outside and inside the country." [LA REPUBLICA 28 Mar 95]

Is the Return of Alan Garcia Being Negotiated?

On 27 Mar, Congressmen Manuel Moreyra Loredo (SODE [Solidarity and Democracy]) demanded that Jaime Yoshiyama, the president of the Congress, convoke a supplementary session immediately, in accordance with the internal regulations, to discuss filing constitutional charges against Alan Garcia Perez, the former chief of state. He noted that a formal petition has been signed by 30 members of the Congress, more than the legal quorum (a third of the members) required by the congressional regulations, asking that the head of this branch of the state convoke a session. "But he has refused to do so, and he is not doing so," Moreyra stressed, after emphasizing that "all of this is very suspicious." "This situation would indicate that the government alliance is seeking to conceal the fact that it will vote against the constitutional charge but cannot do so before the elections, because this would threaten Fujimori's reelection plans," he said. "The return to Peru of former president Garcia Perez that has been announced" for this coming April, the congressman added, "would change the direction of the electoral discussion about the best program for the country, and this could only favor Alberto Fujimori, the president-candidate." [EL COMERCIO 28 Mar 95]

Commenting on this same situation, EL MUNDO [27 Mar 95] reported as follows: "The return of former president Alan Garcia just prior to the 9 April elections is a virtual reality, and it must have been decided upon in secret negotiations between the leaders of the APRA and President Fujimori's government. Following the ceasefire on the northern frontier, APRA leaders met with presidential advisor Vladimiro Montesinos and three other officials close to the president of the Republic. The names of Luis Alva Castro and Fredy Ghilardi have been mentioned as spokesmen for the APRA. The meetings took place in the premises of the SIN [National Intelligence Service]. The representatives of the government are reported to have promised to adopt no restrictive measures with regard to the former chief executive—at least until the matter of the presidential elections is settled. Alan Garcia could even pursue his opposition discourse against the regime without limitation. The government's indulgence might be seen as justified by the recent OAS resolution supporting Alan Garcia's presumptions, and would appear to be a gesture of tolerance of the opposition. The general staff for

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President Fujimori's reelection is believed to have decided to take this step on the basis of the perceptible decline shown for the president-candidate by the polls of the SIN itself. In the SIN polls, the APRA was reported to have a stable percentage of about 10 percent, which would be sufficient to decide the reelection issue in a probable second round."

Extreme Poverty in Rural Zones

In the "Social Investment" supplement drafted by the UNICEF [United Nations Children's Fund] and APOYO, EXPRESO [26 Mar 95] published an interview with Geoffrey Cannock. He spoke about the extreme poverty that exists in the rural mountain areas. He said that "of every three Peruvian citizens living in extreme poverty, two live in the rural sector. The population living in extreme poverty is heavily concentrated in the rural areas. Of all those living in extreme poverty—the people who cannot meet their basic nutritional needs—64 percent live in rural zones, and half of those in this group live in the rural mountain areas [45 percent]. While in Metropolitan Lima, four out of every 10 inhabitants are poor, and there is only one person living in extreme poverty out of every 25 inhabitants, seven out of every ten inhabitants in the jungle and rural mountain areas are poor, and five are living in extreme poverty. In the rural areas, the infant mortality rate—83 out of every 1,000 infants born alive die—is similar to that seen in the urban zones twenty years ago, and double the current rate. In addition, the rural areas in departments like Huancavelica have an infant mortality rate of 102 per 1,000, higher than the level in Subsaharan African nations like Ghana, which has a per capita GDP that is only a third of that in Peru. The illiteracy rate in the rural zones is three times as high as that reported for the urban area. In addition, while the national average of children not enrolled in school in this country is eight percent, it goes up to nine percent in the rural mountains, to 11 percent in the rural coastal areas, and to 22 percent in the rural jungle regions."

Venezuela

Government Minister Cited on Border Situation

PA0504034095 Caracas EL NACIONAL in Spanish 2 Apr 95 p D-2

[Report by Evaristo Marin]

[FBIS Translated Text] Barcelona (Special correspondent)—Government Minister Ramon Escovar Salom, who has met with agricultural producers of Valle de Guanape who are concerned over the high degree of insecurity in this and other rural areas in Anzoategui State, has admitted high prices and prevailing speculation about basic basket products "have a negative effect on the country's social balance and stability," particularly because "certain groups want to take advantage of this situation to create confusion."

For example, the minister has mentioned the violence in Caracas when a mob torched several vehicles at the end of a peaceful demonstration by organizers of a "March for Life." During a brief talk with reporters shortly before visiting the Jose petrochemical complex on the coastal highway, at Pequiven's invitation, during the first stage of a 24-hour tour through the state, Escovar Salom said: Those alleged students who cover their faces with hoods, board a bus, and then torch it as if it were an act of courage are common criminals who deserve no consideration; therefore, the government will continue confronting them.

The minister spoke very sparingly about the detention by Disip [Directorate of Intelligence and Prevention Services] of Rafael Emilio Martinez, National Convergence municipal councilman, and four neighborhood leaders, one of them an R Cause member, who, according to Disip officials, are linked to assaults and the theft of goods from trucks on regional highways. He has said: Disip is very diligent most of the time. I would rather wait for the result of the investigations, which is in the hands of the PTJ [Technical Judicial Police].

Martinez and the four other detainees are at the disposal of the PTJ in San Juan de los Morros, where they were taken two days ago.

On the border situation with Colombia, he has said this country and Venezuela have had no military presence at the common border for many years. He has said: The circumstances lead to a revision of this situation by the two governments. The situation will most certainly improve for the good of the two countries, because this is most important for us and the Colombian people.

Colombian Ambassador Cited on Cararabo River Post Attack

PA0504034195 Caracas EL UNIVERSAL in Spanish 1 Apr 95 p 2-14

[FBIS Translated Text] Merida (Innac)—Colombian Ambassador to Venezuela Francisco Posada, who is attending a binational meeting here, has said Colombians have also rejected the attack against the Cararabo River post, because it was perpetrated by a common enemy of both nations: the guerrillas.

Posada has said both governments are working at improving relations between the two countries, adding the purpose of the meeting is to prevent that incident from hindering or affecting integration, which, obviously, is the guerrillas' intention. He has said the meeting in Merida should contribute to ease tension and restore calm and peace between both nations. Although he has admitted there has been tension between Colombia and Venezuela since the Carabobo incident, he has expressed hopes the situation will be normalized soon.

The president of the Colombian Chamber of Commerce is also visiting this city, invited by Foreign Minister Rodrigo Pardo, to strengthen economic ties between

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both countries. He has said bilateral trade relations have not been affected despite the incident and have continued normally. He has said commercial activities have not been affected despite the problems between Venezuela and Colombia. As an example, he has said he has been informed that Venezuelan and Colombian importers and exporters are complying fully with their commitments. Noting that bilateral trade has continued normally, he has said both countries should try hard to maintain those relations at the highest level.

The binational meeting ended Friday [31 March] with a joint declaration signed by Miguel Angel Burelli and Rodrigo Pardo, Venezuelan and Colombian foreign ministers, respectively, and the presidential commissions for border affairs of both countries, after one day of talks.

Meanwhile, Merida Governor Jesus Rondon Nucete said the meeting demonstrated there is goodwill on both sides, a point which is positive. He added that both countries are trying to improve relations, which is also good, and that there is a willingness to reach agreements, meaning progress has been made to strengthen those relations. He said there is a good disposition to discuss the various problems through an open agenda that will encourage agreements to benefit both countries. Rondon Nucete said he was very satisfied with Merida hosting the meeting, because it was an opportunity to make known this Andean region to other parts of the world.

Meanwhile, former Defense Minister Italo del Valle Alliegro, a member of the Presidential Commission on Border Affairs, said the objective of this binational meeting was to promote a dialogue for a peaceful coexistence between the two countries. Nevertheless, he added, the damage done to Venezuela should be retributed.

He said that undoubtedly, "we are very hurt by the recent incidents in Carabobo and the manner in which Colombia subsequently handled reports, trying to make Venezuela look like the attacker when it was always the contrary." Although the best conditions for a dialogue are present, which is what is being done now, Colombia must assume its responsibility in the border problem and stop misinforming the media. Fortunately, there is goodwill, meaning agreements can be reached.

Border Affairs Commission Meeting Concludes

PA0504043595 Caracas Venezolana de Television Network in Spanish 0200 GMT 1 Apr 95

[Report by Pedro Prado from "The News" newscast]

[FBIS Translated Text] Venezuela and Colombia have demonstrated that the problems that may hinder bilateral relations at any given time can be overcome through dialogue.

The 21st meeting of the Presidential Border Affairs Commissions has concluded successfully in Merida. We are not in a prewar situation but in a propeace situation. This statement made at the opening of the meeting positively anticipated what would happen. The old and restored home of the former governors was the place where delegations agreed that the attainment of border security must be shared and that it may be achieved not only through a military solution. [Words indistinct]

To corroborate that the meeting of the commissions successfully reduced tension, the foreign ministers have responded in a particular manner to the questions on Cararabo. They have ruled out the possibility of a confrontation [words indistinct]

The repatriations of illegal aliens have been legal and without human rights violations. [passage omitted]

They have recalled that another enemy is lurking: drug trafficking. [passage omitted]

A communique by the Colombian press was added to the debate, establishing the commitment to maintain good bilateral relations from the information specter, but the media from both countries were more conclusive:

[Begin recording] [First unidentified reporter] At least tension has been reduced, and the atmosphere of friction has been changed, particularly on the Venezuelan side.

[Second unidentified reporter] Some progress was made in having Colombia admit its responsibility for some of the border incidents.

[Third unidentified reporter] The thing is that the border is poorly protected on both sides. [end recording]

Although no date has been set, it is known that the next meeting of the Presidential Border Affairs Commission will be held in Colombian territory. At that time, evaluations will be made, and eight topics deemed important by both countries will be discussed.

Public Debt Bonds To Be Used To Refinance Foreign Debt

PA0504044495 Caracas EL UNIVERSAL in Spanish 3 Apr 95 p 2-1

[FBIS Translated Text] The instruments the executive will use to start reducing the excessive liquidity of the internal monetary flow will not be participations in dollars but, rather, "simple and common" public debt bonds. These resources will be utilized to refinance part of the nonrestructured foreign public debt.

The papers will have various maturity dates that fluctuate between two and five years. The floating operations will take place in bolivares although the securities' values are expressed in dollars. An official source has reported the profit will be also be paid in local currency, although this feature has not yet been decided.

The Central Bank will be the floating agent, meaning the possibility of these instruments being used by the government as a means of payment to alleviate part of the government's debt with the Central Bank has not been

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ruled out. Fogade's [Deposit Guarantee and Banking Protection Fund] debt is being negotiated separately, the source has said.

The return of these bonds could fluctuate between 14-15 percent if it is decided to express them in bolivares and between 8-10 percent if they are expressed in dollars.

Government circles believe it is unnecessary for this issuance of securities to be authorized by the Congress. Those who so think argue Article 42 of the Public Credit Organic Law permits this. This is the text of the article. "The consolidation, conversion, unification, and any other form of financing the public debt, whenever it exceeds the ceiling of net indebtedness authorized by Paragraph 3 of Article 3 of this law, should be explicitly authorized by the Congress by means of a special law."

The source has said that, in this instance, the resources contemplated in the 1995 budget, through the issuance of securities, are sufficient.

One of the most widely publicized and most changing operations in the recent years is expected to start late in April. Let us keep in mind that the urgency of this operation is linked to the heavy currency liquidity increase, a problem that arose after the banking crisis erupted, a situation that forced the government to give financial assistance that later translated into a debt with the Central Bank amounting to more than 1 trillion 200 billion bolivares.

Mobil Oil, Venoco Industries, S.A., Sign Agreement

PA0404232795 Caracas EL NACIONAL in Spanish 2 Apr 95 p D-2

[Report by Marianela Rodriguez]

[FBIS Translated Text] Guacara (Special Report)—Confidence is being restored in Venezuela, proof of which is the signing of an agreement between Mobil Oil Corporation and Venoco Industries, S.A., in which the foreign company has acquired 50 percent of the National Lubricants Company.

President Rafael Caldera made this statement in a speech during the signing of the agreement at an event commemorating the 35th anniversary of the Venoco plant in Guacara, whose founders are former Finance Minister Julio Sosa and other Venezuelan industrialists.

Lucio Noto, president of Mobil Oil Corporation, said no country in America is more important to us in investment matters than Venezuela. We are interested in the opening of Venezuelan petroleum activities due to the possibilities in the areas of exploration that are expected to be offered.

President Caldera said Mobil Oil Corporation is not only committing its resources and international reputation with this agreement but is also giving hope to Venezuela, which is overcoming all obstacles in a determined pursuit of its future.

The cooperation raises hopes, opens new paths, and demonstrates that we are right when we say that there are sound hopes and possibilities for our country and that confidence in Venezuela is being restored. With that confidence, we will gain the success to which we are committed.

The comments made by Mr. Lucio Noto are worth more than the opinions of a number of forgotten, anonymous economists throughout the world whose comments are emphasized by the media, with no greater interest than to deprive Venezuela of any possibility for advancement. Mr. Noto's comments are significantly more valuable to all rational individuals in seeing how Mobile Oil Corporation, which has familiarity with the global situation and has studied the Venezuelan situation, has told us our country is the best in the world in which to invest.

President Caldera said the signing of the agreement between Mobile Oil Corporation and Venoco, S.A., has had, for a number of reasons, a positive and important effect on the nation at this time.

It is a sign of the optimism we have been asking from our fellow countrymen and of our self-esteem, which has been so badly treated in recent times and the recovery of which is necessary for confirming our faith and confidence in Venzuelans.

Caldera emphasized the work Venoco Industries, S.A., has carried out for 35 years, putting its capability and efforts in the service of production, its ambition in the conquest of new horizons, and its commitment aimed at creating new lines of business in the national economy.

Many lessons can be learned from this process. One of these lessons is that the field of innovation in Venezuelan production is open to all individuals who have the courage, capability, will, and commitment to carry out their efforts. Another lesson to be learned is that the import substitution program, which began with such enthusiasm on 23 January 1958, should not have been understood as a trend to gain a captive market and stop progress in national production. The substitution of imports was a starting point in conquering the national market, with a vision of projecting it toward the export market. The example set by Venoco Industries, S.A., is worthy of our consideration, analysis, and respect. President Caldera said another lesson to be learned from the work done by Venoco Industries, S.A., and by the signing of the investment agreement is the importance of human resources in attaining national development, basing his comments on comments made by Lucio Noto, president of Mobil Oil Corporation, who said one of the satisfactions of signing this agreement is having found capable, competent, honest human resources who have kept abreast of the latest global technological advances.

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PDVSA Chief Explains Opening Up to Foreign Investment

PA0504163795 Caracas EL UNIVERSAL in Spanish 4 Apr 95 p 2-4

[FBIS Translated Text] Luis E. Giusti, president of Venezuela Petroleum Inc. [PDVSA], has said that Venezuelan entrepreneurs will have the same opportunity to prove their technical and financial capacity to conduct explorations as foreign investors who come to Venezuela to take part in opening up our oil industry.

"It does not seem logical that we should relieve PDVSA of exploration risks and to transfer these same risks to Venezuelan entrepreneurs. If you ask our opinion, we really believe that Venezuelan entrepreneurs should not participate in this, but they are free to do so, just as any foreign firm is," he explained.

This was said during a working meeting between members of the Bicameral Energy and Mines Commission and Luis E. Giusti on the industry's opening up plan submitted by the president.

At this closed-door meeting, Giusti cleared up one of the most sensitive points in the opening up scheme—participation by the so-called private oil sector in such ambitious oil exploration plan.

"We want to ensure in our scheme the participation of Venezuelan capital once discoveries are made, as well as the option for a PDVSA affiliate to participate. A scheme is being designed that will allow direct participation by Venezuelans in this business," he said.

The PDVSA president was referring to the creation of an investment fund that will not be limited to this opening up project, but that will also include any oil industry project in which the national sector participates. This plan ranges from strategic associations to Bitor operations and other operators.

This investment fund will issue high yield, short-term shares that will allow Venezuelans to invest directly in the complete range of PDVSA's portfolio and that of its affiliates.

Giusti also said that the project clearly states that the entire Venezuelan sector of capital goods and services will have preference over foreign ones under equal conditions of quality and prices.

Likewise, Giusti took the opportunity to recall that this development effort by the private oil sector is not new in PDVSA's history. For example, there has been the quality registry for enterprises that Itevep [Venezuelan Petroleum Technology Institute] implemented and the Assistance to the Manufacturer Program, which opens doors to greater participation by the national sector in manufacturing capital goods.

"We also had the Veprox initiative, which already is an additional step to the Assistance to the Manufacturer Program, to have these enterprises not only supply us with equipment and materials, but also have the capacity to export," he said.

He continued: "In this category of opening up there are also operational agreements registered for ancillary activities. For example, for the first time we are building, in conjunction with the private sector, an electricity plant to power the refinery. This threshold was tough to cross because the refiner likes to have the security of his own power plant. This plant being built will be ready this year; it was won through an international bidding process by a Venezuelan enterprise: Caracas Electricity [La Electricidad de Caracas], which will own the plant and will supply electricity to our refinery."

Under this same scheme, the private sector will be given other projects: a hydrogen plant for the Amuay refinery, the facility to supply and handle nitrogen in the Cardon refinery.

"The inactive fields—by the way, there are 13 agreements now in force—are an important example of the atmosphere of opening up. These agreements, quietly but surely, and unknown to many, have attracted about $1.2 billion to the country over three years, which is a respectable figure if one compares it with what Russia has been able to capture in its much-touted opening up," Giusti said.

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